

# The American Labor Legislation Review

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IF there were political advantages to be gained by an individual or a party through espousing the cause of the unemployed \* \* \* the problem of involuntary idleness would have been tackled long ago. \* \* \* I note a tendency on the part of some public officials and economists to characterize as alarmists those who venture to focus attention on this unpleasant, unsolved problem. But it is one that must be faced."—U. S. SENATOR ROBERT F. WAGNER.

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## Significant New Developments

IN opening this eighteenth volume of our REVIEW, we present a dozen of the most timely articles growing out of the discussion at our Twenty-first Annual Meeting. Especially interesting and significant are those dealing with the New Industrial South.

To historians and economists as well as to social workers, employers and wage-earners, the live industrial revolution now under way in states like North Carolina should be subject for immediate earnest study. Researches through the musty records of past industrial changes in foreign lands may well pause while alert Americans turn attention to what is now going on in our own South.

Fortunately this present contribution is made chiefly through those who by virtue of first hand experience or through special intensive study are especially well equipped to give us the historical and economic basis for further special studies which will appear in later issues of the REVIEW.

Outstanding in our Association's immediate interest in the South are the five states remaining without accident compensation laws. With the considerable preparatory work that has already been done, next year should see substantial legislative progress. Moreover, similar legislation for the District of Columbia is receiving the persistent attention of our Association.

Also significant is the new treatment of the present unemployment, which after another seven years registers its wasteful recurrence in breadlines, soup kitchens, hastily formed relief committees, and becomes again the occasion of partisan political speeches. "Technological" unemployment—added to the earlier familiar "seasonal" and "cyclical" phenomena—again stresses the fact that involuntary idleness is a problem of modern industry. Modern business methods, perhaps more than labor-saving machinery, must be credited with the present maladjustment. But "What can we do about it?" is this time answered more promptly and with greater assurance than

ever before. "Standard Recommendations" of the Association for Labor Legislation, reinforced by official national conferences, are distributed widely, while previously prepared bills are already introduced in Congress.

During the past five years, our Association has been giving increasing attention to the problem of old age dependency. Its most recent printed folder on this subject, already received by readers of this REVIEW, is suggestive of this Association's activities—now being considerably extended—in behalf of modern, humane treatment of aged dependents.

Our campaign for coal mine safety, including rock-dusting bituminous mines to prevent mine tragedies due to coal dust explosions, continues to make encouraging progress. A new pictorial broadside on the menace of coal dust explosions and the rock dust remedy is being widely distributed this winter. With rock-dusting laws already enacted in six states during the past four years and with repeated demonstrations of the life saving effectiveness of this safeguard in recent mine explosions, it is to be expected that early action will be taken in bituminous states still without this essential safety measure.

Much attention is now being directed by our Association to the supremely important subject of labor law administration. With an enlarged staff of qualified research workers, the Association now finds itself in a strengthened position to make—in addition to its many other activities—a much-needed study that should throw important new light on this major branch of the public service upon which depends, in a very vital sense, the effectiveness of all labor legislation.

JOHN B. ANDREWS, *Secretary*,  
American Association for Labor Legislation.



## Legislative Notes

FAILURE again of the New York legislature to provide uniform treatment for ALL victims of **occupational disease** under the workmen's compensation law makes it necessary for the American Association for Labor Legislation to continue its work on this important subject until a future legislature takes the much-needed action. Next year this matter will be pressed upon the attention of many legislative bodies.



ON March 1 the American Association for Labor Legislation in a letter to its members in New Jersey outlined the need for raising the maximum weekly payment under the **workmen's compensation law** from \$17 to \$20, and requested cooperation in urging the legislature to take favorable action at the present session. On February 21 the Association sent a similar letter, accompanied by a concise memorandum on the need for **abolishing seven-day labor**, to members in Rhode Island in behalf of the standard one-day's-rest-in-seven bill now before the legislature of that state. To interested people in South Carolina the Association on February 9 addressed a communication emphasizing the lack of an **accident compensation law** in this Southern state and urging support of a modern, carefully considered bill. On February 24 the Association issued widely in New York State a letter and accompanying printed folder (reported on page 102 of this REVIEW) urging cooperation in impressing the legislature with the urgent need of action at this session looking to early adoption of adequate **old age pension legislation**. On February 28 the Association sent to members and other interested persons throughout the country a printed folder setting forth the "Standard Recommendations for the Relief and Prevention of Unemployment" together with a letter urging active support of the Jones bill pending in the United States Senate to create a "**Prosperity Reserve**" of public works as an aid in combating increasing unemployment.



A RESOLUTION was adopted by the United States Senate, March 5, calling upon the Secretary of Labor to "investigate and compute the **extent of unemployment** in the United States and make a report thereon to the Senate. The resolution was introduced by Senator Wagner of New York, who accepted an amendment suggested by Senator Walsh of Massachusetts to make the investigation include also part time employment.



A BILL to provide **vocational rehabilitation of industrial cripples** has been introduced in Congress by Representative Summers of Washington. Adoption of this legislation was urged at the twenty-first annual

meeting of the American Association for Labor Legislation, at Washington, D. C., in December.



COMMENTING on the fact that "unemployment is again assuming very serious proportions," an editorial in *The Headgear Worker*, official organ of the Cloth Hat, Cap and Millinery Workers International Union, says: "Unemployment is a hazard of industry and all industry and not the workers alone should carry the burden of the psychical fluctuations of business. In our own industry we have succeeded in converting the employers to this point of view and unemployment is now a regular charge upon the cap trade. But the unemployment insurance which a single trade is in a position to carry naturally cannot be adequate to fully meet the problem. What is really necessary is unemployment insurance by legal enactment extended to every industry on the same basis as insurance against accidents. \* \* \* It is time that this problem of legal unemployment insurance shall be taken up and settled in accordance with the principles and methods as developed by modern social insurance."



AMONG visitors interested in social insurance and industrial relations at American Association for Labor Legislation headquarters during March, was Dr. K. Bonczek, of the Department of Commerce and Industry, of Poland.



FAILURE of the Integrity Mutual Casualty Company of Chicago has thrown the responsibility upon the employer of paying awards to injured employees that were defaulted by the insurance company when it went into a receivership, according to a recent decision of the Supreme Court of Georgia. Failures of private insurance companies are reminders that exclusive state funds for workmen's compensation insurance do not result in defaulted payments to injured workers.



WORKMEN'S COMPENSATION awards to the dependents of the 21 miners who were killed in the coal mine explosion at West Frankfort, Ill., January 9, must be paid by the company itself—the Industrial Coal Company—since it is a self-insurer. The loss to the company as a result of this disaster is estimated, according to *Insurance Field*, at \$1,000,000.



ACCIDENT prevention work is being carried on intensively by the Ohio exclusive state fund for workmen's compensation insurance. A campaign for increased industrial safety, approved by the state Industrial Commission and the 1927 All-Ohio Safety Congress, has been undertaken to bring about a 25 per cent reduction of industrial accidents. This would mean, according to the commission, a yearly saving of 250 workers' lives and 55,000 additional workers saved from injury and mutilation. Employers would save about \$5,000,000 in direct costs by such a reduction in accidents.



THE Fifty-fifth annual meeting of the National Conference of Social Work will be at Memphis, May 2-9.



THE Illinois legislature was called in special session January 10. Only such matters as were specified in the governor's call can be acted upon at this session. These relate chiefly to primary elections.



MRS. SARA AGNES CONBOY, for years one of America's leading trade unionists, died on January 7. For the past twelve years Mrs. Conboy was secretary-treasurer of the United Textile Workers of America. She served as a member of the Council of National Defense in the World War, as a delegate of the American Federation of Labor to the British Trades Union Congress of 1920, and as a member of the President's Conference on Unemployment.



JAMES H. STARR of Paterson, N. J., has been appointed secretary-treasurer of the United Textile Workers of America to succeed the late Mrs. Sara Agnes Conboy.



A NEW law in Illinois, enacted in 1927, provides extra compensation of 50 per cent to be paid by the employer for minors under sixteen who are injured while illegally employed. The state department of labor has called attention to the list of employments prohibited by the Illinois law to children under the age of sixteen. Under its authority to forbid the employment of children under sixteen in occupations which it finds to be dangerous or injurious to health, the department has also prohibited the employment of such children in the following classes of work; work on or near power-driven machinery and on scaffolding or in buildings under construction, with certain specified exceptions; work in garages, filling stations, and automobile-repair shops; cranking automobiles or motor trucks; handling gasoline; work in tunnels, in places where there are noxious gases, and with dyes.



WHILE a few thousand manufacturers are doing an enormous amount of safety work, more than 90 per cent of American employers are doing practically nothing to prevent accidents, which are having a rather startling progressive increase, says Ethelbert Stewart, United States Commissioner of Labor Statistics, in a statement to the National Safety Council. A question that has not yet been solved is what shall be done in cases of extra-hazardous industries and small establishments, which the insurance companies refuse to insure. Injured employees in some states are thrown upon public charity, just as they were before the enactment of the compensation laws, despite the fact that the cost of the insurance, which society is supposed to have, has been charged into the price of the commodities produced and is being paid by the consuming public, Mr. Stewart states. This, he points out, is more or less true in all states not having some sort of state fund.

HOMER A. A. SMITH has been named by President Coolidge as a member of the **United States Employees' Compensation Commission** to succeed the late Commissioner Charles H. Verrill. Mr. Smith is a native of Vermont. He has long been in the government service, chiefly in connection with administration of Panama Canal affairs. On August 1, 1927, he entered the service of the United States Employees' Compensation Commission as chief accountant and assistant chief counsel in connection with the administration of the new federal Longshoremen's Compensation Act.



SCRIPPS-HOWARD newspapers are justly proud of their support of the workmen's accident compensation law in Ohio which provides the required insurance through an **exclusive state fund**. They emphasize this in a recent advertisement in the *Saturday Evening Post*—which is one of a series attractively describing various aspects of their service to the public. The Scripps-Howard organization publishes twenty-six daily papers in various parts of the country.



A. J. ALTMAYER, secretary of the Wisconsin Industrial Commission, has returned to his duties at Madison following a six months' leave of absence during which he assisted in the administration of the new federal Longshoremen's Compensation Act. In the latter capacity he served as deputy commissioner of the United States Employees' Compensation Commission at Cleveland.



MR. EMILE E. WATSON, consulting actuary, formerly chief actuary of the Ohio state fund for workmen's accident insurance, charges members of a legislative investigating committee in West Virginia with "serious misrepresentation of facts." In attempting to discredit Mr. Watson, the committee quoted six of the leading workmen's compensation insurance officials of the country as severely condemning and outlawing the tables he used in examining the state fund. Mr. Watson now shows that all these authorities named took no such position but on the contrary approve of his methods and express astonishment that they should have been so glaringly misrepresented. Coal mining is the largest contributor to the fund. It is shown that the coal mining rates charged by the West Virginia fund over a four-year period averaged only \$1.57—and this in a state that has had many disastrous and costly coal mine explosions. In Ohio the exclusive state fund has found that the actual coal mining loss rate is \$4.83—even without a single serious catastrophe. Coal mining rates charged by commercial casualty companies are much higher; in Kentucky, for instance, the rate is around \$11. It appears from these facts brought to light by Mr. Watson, that, in a state where a single industry largely dominates, a peculiar duty rests upon the public officials to safeguard the fund against practices tending to favor that industry.



COMMENTING on the program of the American Association for Labor Legislation for the relief and prevention of unemployment as outlined by Secretary John B. Andrews in a recent address, an editorial in the Lockport (N. Y.) *Union-Sun* says: "General interest in New York State ought to be aroused in this proposed program of relief because of the endorsement which it has received at the hands of Governor Smith.

\* \* \* There is wisdom in the plan proposed for stabilizing the labor market of the country so that unemployment crises may be guarded against in the future. And perhaps the keystone of the plan suggested is long range planning of public works adjusted to the demands of private industry for men and materials, to hold back public construction activities in times of industrial prosperity and to spend the 'prosperity reserve' thus accumulated at the beginning of periods of industrial depression."



IN the state of West Virginia alone, during 1927, 590 miners were killed in coal mine accidents. Of this total 97 met death in a single mine explosion—that at Everettsville—reported in earlier issues of this REVIEW.



THE Connecticut state department of health was authorized by the legislature of 1927 to investigate and to make recommendations for the elimination or prevention of occupational diseases.



By the end of January the municipal employment bureau of Baltimore was faced with "the largest amount of unemployment with which it has had to deal in its history of six years."



SAM A. LEWISOHN, vice president and treasurer of the Miami Copper Company and president of the American Association for Labor Legislation, has been appointed by Governor Smith as a member of the New York State Commission of Correction.



As this REVIEW goes to press action is still pending in Quebec on the proposal to adopt an exclusive state fund for workmen's compensation insurance (see the December number of this REVIEW, pages 288-295). Meanwhile the general contractors' section of the Builders Exchange, Inc., of Montreal, at its annual meeting adopted a resolution petitioning the Government to inaugurate a system of state insurance. "Opinion is widespread," the resolution states, "that the rates asked by the insurance companies last year before the new Workmen's Compensation Act was suspended, would be the same this year if the risks were to be taken care of by them, and on that account would be excessive. It is pointed out that the cost of administration under the Ontario system of state insurance is only 4 per cent of the premium, whereas the cost to the in-

insurance companies in that respect would be anything up to 40 per cent of the premium. Further, the guarantee under state insurance would be a full guarantee for proprietors and employers as well as for employees."



IN his 1928 message to the Virginia General Assembly which is now in session, Governor Harry Flood Byrd said: "The establishment of the Department of **Workmen's Compensation** was one of the most forward steps ever taken by Virginia." Governor Byrd continued: "The just and quick determination by this department of claims for injuries is responsible in a large measure for the harmonious relations now existing between industry and labor."



THE National Safety Council announces that the seventeenth annual **International Safety Congress** will be held at New York City, October 1 to 5 inclusive.



JAMES H. MAURER, for the past fifteen years president of the **Pennsylvania Federation of Labor**, has resigned this office following his election to the City Council of Reading. At the request of the executive board, he will serve until his successor is elected at the state convention in May. Mr. Maurer served with distinction as chairman of the Pennsylvania Old Age Pension Commission.



ARTHUR BRISBANE, in an editorial in the *New York American*, comments on Governor Smith's recent move toward combating increasing unemployment by intelligent **planning of public works** to "take up the slack." He writes: "That should be, automatically, part of national and state programmes. \* \* \* National and state governments, all needing roads, canals, drainage, all sorts of improvements, should find work for everybody willing to work, and at decent pay."



A **BILL** introduced by Representative Zihlman of Maryland to restrict child labor in the District of Columbia has been favorably reported to the House District Committee by one of its sub-committees.



THE Attorney General of New York State urges adoption of legislation to compensate **all occupational diseases**, and to enforce payment by employers of awards "in cases where the insurance carrier is insolvent or in bankruptcy or a receiver is appointed." The importance of guaranteeing payments of awards to injured workers has been emphasized in New York, where many are affected by the failure of the Manufacturers' Liability Company of New Jersey.



IN Pennsylvania during the last half of 1926 there were 89 accidents to **illegally employed children** which resulted in ten days' loss of time and would therefore have come under the provisions of the workmen's compensation law but for the illegality of the employment. In 76 cases compensation had been paid, apparently without question, and in 6 cases



compensation had been refused. What is needed in Pennsylvania, to check violations of the child labor law and to assure protection to children who are injured while illegally employed, is adoption of a law providing **extra** compensation in such cases, to be paid by the employer.



"As for unemployment," writes Arthur Brisbane, "that should be the Government's principal business. The country owes no man a living, but does owe every man a chance to work. In financial emergency, Government helps through the Federal Reserve. That institution makes financial panics impossible. Government should find a way to make labor panics impossible. Such panics are more important than financial panics, for they involve worry for mothers and want for children. Governor Al Smith of New York sets a good example, telling his representatives to report all possibilities of using public moneys in **necessary** public works to meet lack of employment."



A DECISION of the Missouri Supreme Court, February 4, holds that the **Missouri workmen's compensation law**, ratified by the referendum at the general statewide elections held on November 2, 1926, became effective as soon as the polls closed on that day and not piecemeal over a period from November 16, 1926, to January 9, 1927. The Workmen's Compensation Commission had taken the position that various sections of the law became effective on November 16, 1926, the day that Governor Sam Baker issued a proclamation announcing the official vote, while other sections did not apply until January 9, 1927. The Supreme Court held invalid a law providing that measures referred to the people and ratified shall not become effective until the Governor issues a proclamation announcing the official vote and declaring them in effect. "The law is adopted or rejected at the time the vote is cast, and not when the official canvass is made," Justice Graves said in the opinion.



JOHN P. COUGHLIN, secretary of the Central Trades and Labor Council, New York City, and a member of the general advisory council of the American Association for Labor Legislation, died on January 20. For a quarter of a century Mr. Coughlin had been a prominent figure in organized labor.



THERE has been introduced in the Massachusetts legislature by Representative Sawyer an **unemployment insurance bill**, based largely upon two earlier measures introduced by Representative Shattuck of Massachusetts and Senator Huber of Wisconsin.



ORGANIZED labor in British Columbia has called upon the government to take immediate action looking to the adoption of **workmen's health insurance legislation**.

IN an opinion recently handed down, the Supreme Judicial Court of Massachusetts holds that employment of girls under twenty-one for dancing and singing after 10 o'clock in the evening in a restaurant is a violation of the **night work laws** for minors.



DIPLOMATIC and consular officers abroad have been authorized to incur expenditures for all kinds of insurance required under the laws of the respective countries to which they are accredited. This will embrace **health and old age insurance** of employees of the missions and consular offices. An executive order to this effect has been signed by the President. Social insurance against sickness and old age, it appears, is not regarded by the administration as "paternalism"—for those citizens who are hired by our government to work outside the U. S. A. Is the insurance-chamber of commerce lobby going to let this pass without an outcry that it is a "socialistic move" by President Coolidge and an "entering wedge" to similar protection for employees in industry within the United States?



INDUSTRIAL Commissioner James A. Hamilton of New York recently pointed out that employers who insure in the **state fund for workmen's compensation insurance** get an initial rate 15 per cent less than is charged by commercial insurance companies, and this, in addition to dividends, he reported, resulted in a saving to employers of more than \$2,000,000 in the year 1927.



AMONG recent additions to the **research staff** of the American Association for Labor Legislation are Mrs. Ethel Hanks Van Buskirk, Ph. B., University of Chicago, 1909; Miss Margaret D. Meyer, Cornell University, A. M., 1927, and Miss Louise Gottshall, B. A., Barnard College, 1927.



By a vote of 209 to 157—36 votes short of the required two-thirds—the proposed constitutional amendment to abolish short or so-called "**lame duck**" sessions of Congress and to end the evils of the "filibuster" was defeated in The House of Representatives, March 9. The original Norris resolution which had four times passed in the Senate had been changed and emasculated in the committee before it was allowed—for the first time—to come before the House for a roll-call. Responsibility for defeat of this meritorious proposal has been placed primarily upon the Republican party leaders in the House.



THE Colorado State Federation of Labor will sponsor an amendment to the **workmen's compensation law**, to be voted on at the November general election, which would increase all compensation payments.



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# The New Industrial South

## A Significant Discussion of Its Increasing Need for Modern Labor Standards

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By JOHN B. ANDREWS

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NATIONWIDE interest has been aroused by the remarkable industrial development that is taking place in the South. This interest has both a practical and a humanitarian side. Northern capital and Northern manufacturers say that they are attracted to the South because labor is cheaper and more docile. The public, including a growing body of informed people in the South, are asking: "Does the New South expect to rise to industrial greatness by a mistaken policy of exploiting her wage earning men and women, and her children?"

It is true that the sole remaining black spots on the workmen's compensation map are, in addition to the District of Columbia, in the South—Arkansas, Florida, Mississippi, North Carolina and South Carolina. Despite the strides these states have been making—industrially as well as in street and highway and building construction—they still lag behind in the adoption of modern protections against occupational accidents. It is true, also, that the Southern states have been backward in protecting against long hours and other evils of unregulated industrialism. These facts have been explained on the ground that the industrial revolution in the South has been of such recent origin and has been so rapid that social legislation has simply not caught up with the new and urgent need for it. Are there indications that the South is now coming to realize that the time is ripe for adoption of modern protective standards? This question was discussed at the twenty-first annual meeting of the American Association for Labor Legislation at Washington, December 29. Able speakers, equipped with first-hand knowledge of conditions, presented various aspects of the problem of labor protection in "The New Industrial South." These authorities, and others, cover the subject in the following series of articles. These articles are informing and significant. They contribute greatly to a better understanding of what is happening in the South and of what must be done by the South to control her new industrialism so as to promote the interests of employer, employee and the whole community.

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# A Sidelight on the Great Expansion of Industries in the South

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By CORNELIUS COCHRANE

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MANY Northern people do not fully grasp the magnitude and the significance of the industrial revolution that is under way in the South. It is much more far-reaching than a phenomenal real estate development accompanied by a vast increase in building construction and improvement of streets and highways. The popular impression of the industrial South is perhaps still reflected in the familiar phrase "cotton mills of the South" which suggests an occasional old, wooden structure on the edge of a cotton field. The facts now present quite a different picture.

Cotton manufacturing? Forty-three per cent—nearly half!—of the cotton looms of the United States are now to be found in the South. Since 1900 the number of looms has increased 185 per cent and the number of spindles has quadrupled. North Carolina has the largest hosiery mills in the world and more cotton mills than any other state in the Union; she is second in the value of cotton manufactures.

But it is not only those industries that have been traditionally associated with Southern states that have shown remarkable development. Manufacturing as a whole in the Southeast increased 203 per cent during the twelve-year period from 1914 to 1925. In Florida the increase was 44 per cent between 1923 and 1925. North Carolina has the second largest aluminum plant in the world and the largest pulp paper mill in the United States. Alabama is the third state in the Union in the number of blast furnaces. But this industry does not end with pig-iron production since nearly 80 per cent of the total output is carried into further stages of manufacture in the same plants, which usually operate steel works, rolling mills and foundries. Evidence of the character of allied development which is taking place in connection with the iron and steel industry may be found in the already established plants manufacturing various types of mill machinery; agricultural equipment, textile, lumbering and mining machinery; stoves and furnaces; chemicals; and railroad equipment.



Only a few of those industries which are controlling factors in productivity and employment have been mentioned. There are, in addition, many activities which are merely at the beginning of important development: sugar and petroleum refineries, chemical works, ceramic and refractory plants, cement and building-material concerns, shoe factories, leather plants, and numerous others.

Here we have modern industry on a big—and rapidly increasing—scale. But it is carried on for the most part without adequate protection for the health and limbs of hundreds of thousands of workers—men, women and children—employed in thousands of plants and factories! The five remaining states without workmen's accident compensation are all in the South.

Seven workers are plunged to death in Florida—no compensation. Two men are injured and fifty-three killed as a result of a coal mine disaster in North Carolina—no compensation. To quote from an official report: "Thirty-eight of the men were married, leaving seventy-nine orphans and thirty-eight widows **without any means of support.**" That is the gist of the sorry story of industrial accidents in "The Backward Five" Southern states.

The phenomenal development of industry in the South raises a serious labor problem. In all parts of the country intelligent citizens are asking whether the South which is utilizing modern industrial processes, modern methods of production and modern plant and factory equipment will also profit by the experience of other states and adopt modern methods of protecting the wage-earner. Workmen's compensation is an established American principle which fifteen years' experience has demonstrated to be for the best interests of employers, employees and the whole community. Will South Carolina and Mississippi, this year, and Arkansas, Florida and North Carolina, in 1929, recognize this prime duty of an industrial commonwealth and join the other forty-three states by adopting a reasonable and adequate workmen's compensation law?

# The Industrial Revolution in the South

By BROADUS MITCHELL  
*Johns Hopkins University*

THE industrial development in the South is fairly new in physical accomplishment, and more recent in national notice. But it is not distinctive. In its economic and social elements it repeats old experience. In fact, a strong proof of its lack of novelty is the fact that it is generally considered novel. The rest of the country is more mindful of precedents, but within the South itself there is a total lack of historical awareness.

To the people of the district which is undergoing the change, industry, and particularly the social implications of industry, seem a new thing under the sun. The South is a good deal in the position of the old colored man who had his savings in a bank that failed. He was staring in amazement at the court notice pasted on the closed iron door. He could not take in the words. He was struck dumb. "The bank has failed, Uncle," it was kindly explained to him. "Haven't you ever heard of a bank failing?" "I knowed," he rejoined, "dat dey sometimes couldn't pay back what folks put in 'em, but I aint ever had one to bust in my face befo!"

This industrial revolution in the South involves not only an alteration in our manual occupations, but a revolution in our whole social habit and procedure. We are experiencing what Walter Bagehot phrased as "the anguish of new thoughts." Every country or region which, over a short period of time, has seen manufactures added to agriculture and trading, has gone through the same moment, briefer or longer. The seizure in the South is prolonged and complicated by circumstances peculiar to us.

In subtle ways we are suffering now the penalties of long ago. Old errors pursue us with new disabilities. The antebellum South was devoted to agriculture, and to an agriculture of staples. This statement bears unimportant modification. There were, in the last decades of the eighteenth century and the first half of the nineteenth, some manufactures of more respectable proportions than fireside handicraft. Iron furnaces dotted the Piedmont, and little yarn factories clustered here and there. These were generally the handmaidens of agriculture. They were subdued to the prevalent system, and never threatened it. Perhaps more might be said of the



larger cotton mill of William Gregg at Graniteville, South Carolina, which got under way in the late 'forties, as also of biggish plants at Augusta and Columbus, Georgia, which owed something to Gregg's philosophy. But the war came to cut off the effect of these more considerable enterprises.

The Civil War exhausted the South, and the Reconstruction period soured it. During the years of radical rule, the resources for recovery, already lacking, were further depleted by the depression following 1873. But it is doubtful whether more abundant means would have been utilized because of the dominantly political temper of the times. The South, beaten and insulted, spent itself in diatribe and in desperate efforts at local cultural and indeed racial protection. Correction had followed so suddenly on the heels of defeat that there was no time for repentance. Pride, the South's best asset, which should have been sublimated into reflection and rebuilding, was stung and kept to the worse than fruitless office of retort.

In the early 'eighties, with the country's business fortunes repaired and Carpet Baggers expelled from Southern legislatures, self-analysis began in the cotton states. In the cotton field arose the cotton factory. Many motives contributed to the astonishing growth of mills—the desire for profit, the plan to salvage bedraggled towns, anxiety to furnish work to the Poor Whites. Wise heads saw now that Nullification and Secession had led to disaster, and the North began to be looked to as a helpmate in working up the everywhere present raw material.

Aroused individuals and communities in the South pledged their all to the erection of the new factories, and, at once finding this not enough, hastened to Philadelphia, New York and Boston for assistance. Cash was subscribed by Northern firms that would sell the product of Southern mills, and machinery manufacturers accepted stock in payment for large orders of equipment. The promotion, be it noted, came from the stricken South. Sometimes preachers fired communities to build cotton factories as the only means to salvation, through escape from despondency, idleness and vice. Civic zeal often compelled a leading figure to become a cotton manufacturer, though his calling might be that of doctor, lawyer, merchant or planter. In numbers of cases ex-officers of the Confederate army stepped forward to lead their people in a new and strange

crusade, arming them with spindles instead of muskets. And be it remembered too that the first capital came from the South, much of it toilsomely paid in small instalments. Thus the factories sprang from the South's own resolution, ingenuity and sacrifice.

At first the mills sought water powers, and these country locations necessitated the building of villages about them to receive the thousands of families of Poor Whites that poured in, from difficult mountain farm and sterile tenant holding, to take advantage of the chance to earn. The mills must supply every facility of life, since the workers brought with them nothing but their supplicating poverty. They must be housed, taught, fed, protected. When steam was used as a motive power factories could be located in towns, but here too the separate company village was the rule, for the mills brought in country people unaccustomed to contrive for themselves even had homes been available.

The enterprises were phenomenally successful. Dire predictions of the North were promptly disappointed. Production was standardized on cheap, coarse goods; the raw hands learned rapidly; glad of the chance for bread, nobody grumbled under long hours, low wages and the work of children; surplus profits went back into the ventures, to render them larger and more autonomous.

To say that the labor supply was abundant does not express the case. Workers were not being drawn from other factory employments, from home industries, or from the many occupations which we think of as belonging to towns and cities. They came from destitution, from hopelessness, from abandonment in the country. It is doubtful whether Anglo-Saxon people at any time since the Norman conquest had a lower standard of life than these. Nearly all were ignorant not only of letters, but of the elements of progressive, self-reliant existence. Those coming from tenantry in the planting districts had never handled money, but had been subjected to a credit system which confirmed their serfdom. Indeed, if they had an overlord they were fortunate, for not a few were mere squatters, hardly, it was said, above the condition of the settled Indian. Those from the mountains were apt to come from cabins mud-floored and windowless. They had not known teachers or physicians, and their preachers, well-meaning enough, were themselves ignorant, and gave exhortations which were powerless to provide the basis for social improvement. These people did not complain; they were not resent-



ful against their fate. Therein lay the refinement of their tragedy. Much has been said of their personal independence of will, the heritage which no amount of neglect and exclusion from opportunity could quite kill. But this individual self-respect only emphasized their collective lack of resourcefulness.

When these thousands came to the new factory villages, Banquo's ghost was appearing at the feast. The death's head of the South's old short-sightedness was brought into the light. But few had the earlier wit of William Gregg to be terrified at the spectacle. All were busy in erecting and equipping mills, throwing up operatives' cottages, forming financial contacts and opening markets. Moreover, the first sufficiency in contrast to former want was apt to give the impression that difficulties had been solved. It is only in the decades since the original boom of manufactures that we are becoming aware of the complications that are deep seated in old wrongs visited upon the Poor Whites.

While seekers of work were many, importunate, and seemingly unending in their stream from the hitherto stagnant pools of labor, the reverse was true of capital and of managerial capacity. Of these there was not enough. The South was desperately poor, and was discredited in the eyes of the rest of the country which was looked to for assistance. Had it not been for the dearth of business which preceded 1880, and which made machinery manufacturers and commission merchants welcome a new source of custom, however unrecommended, the industry perhaps could not have gotten a start in the cotton States. Home experience in the operation of manufactures was declaratively lacking. The South's occupations had grouped about the furnishing of agricultural staples enjoying a semi-monopoly and reduced, in their production and marketing, to a well understood routine. Under the old regime, drawn up in regiments, Southern men of affairs had delivered their volleys bravely enough; but the new exigency called more largely for the skill and ingenuity of the sharpshooter. The old ranks which knew the manual of the land were now deployed, and every man must shift for himself. Persons who could calculate manufacturing costs, cut corners and contrive economies did not readily discover themselves. Had it not been that the South enjoyed great advantages for the manufacture of cotton, and without the commission firms which supplied experience in marketing and furnished much operating capital, the native lacks would have been more apparent.

It is clear that the South showed, at the opening of its manufacturing career, the elements which have regularly marked the onset of industrial revolution—labor rendered weak by need and redundancy of numbers, and capital and management dominant through their scarcity. In the Industrial Revolution in the South the potentialities of this situation were intensified by three circumstances: (1) the former institution of negro slavery, (2) the quality of the leaders, and (3) the sectional consciousness which remained from political controversy and civil war. Each of these has profoundly affected the history of our industry, and has a bearing upon the immediate question of the protection of workers, whether through labor organization or state or national legislation.

It was slavery which dispossessed the Poor Whites, pushing them beyond the pale of profitable employment, and excluding them from social sympathy. They had no part in the scheme of things which slavery set up, except, indeed, to be a nuisance to the large planters, or a downright danger to the orderliness and subserviency of the negroes. Under a slavery system, moreover, labor of the hands was not honorable, and attached its mean character to all who performed it. These things, which robbed the Poor Whites of assertiveness and dignity when later they came into the factory villages, were complemented by the fact that the new industrial workers did not look upon their employers with the eye of man to master. By a strange trick the Poor Whites, in the Civil War, had fought and bled for the perpetuation of a system which had been their undoing. Even in ante-bellum days "the forgotten man" was remembered at election time, and, fired by the issue of race—the effects of which he bitterly knew, but the responsibility for which he failed to ponder—he was flattered into crying up the white aristocracy and all its interests. War, in which blood of the lower class flowed with that of the upper, brought him closer to the realization of racial identity, and self-sacrifice clinched the oath of brotherhood. If anything else were needed to establish kinship, the years of Reconstruction furnished it—the sharing of a crushing defeat was followed by elevation of the quondam slave into a position of insolent power. Thus not only were the Poor Whites in the mills not mindful of their position as employees, but, as a correlative, managers and owners of factories were relieved of all antagonism and there was no element in society to represent to them their economic responsibility as employers.



The second point, the quality of the leaders, is closely connected with the first of the fact of slavery. The pioneers in the industry were generally gentlemen. Not operatives or mechanics as in England, they did not see themselves as seizing a mean advantage. Many had been slave owners, they took authority by habit, they were accustomed to be looked up to, and they were moved by the spirit of *noblesse oblige*. The duty that they had acknowledged to their house servants and field hands in the quarters to treat them with consideration, to be responsible for the supply of their wants and answerable for all their actions, was now transferred, with the fervor of a new dedication, to the inhabitants of their mill villages. The manorial lord of the early middle ages, as owner, had been also judge, teacher, monitor, all but priest, and certainly champion. The same was true of the old Southern planter, so that he, and those who shared his tradition, carried their accustomed methods over into the new calling. The factories were nursing mothers to the operatives, furnishing quite as much directly in goods and services as they bestowed in wages. Perhaps it may be said that had the owners given less, the workers might have received more. Doles from a guarded but accumulating store were dispensed with a kindness that banished protest, and filled with gratitude. It never occurred to anyone to draw the issue of economic justice. For so long the workers had had no bread that half a loaf seemed a huge meal. So far from striving for the whole loaf, there is question whether, at first, such could have been produced. With perfect naturalness the Poor Whites regarded any man who built a factory and welcomed them into his village as a messiah, and they were content if they could but touch the hem of his garment. The wage system was new to employers who had always issued rations and firewood to blacks and whites alike, and the further implications of manufacturing industry were wholly unguessed. It should not be forgotten that the mill owner stood to his workers not only in the capacity of factory boss, but of landlord as well, and thus too was the familiar relationship continued. Paternalism was the order of the day.

Coming to the third special influence upon the social aspects of the Industrial Revolution in the South, it must be realized that sectional consciousness, besides inciting to *esprit de corps*, has set up a "defense mechanism" against criticism from without, and delayed self-analysis from within. The South had been beaten flat to the

ground, and seemingly was forbidden to get up; when she struggled to her knees, she was warned that she would be unable to stand erect; when she drew herself up and began to walk about, she was watchful for new threats or taunts. When the mills came to be well established, if some of their practices regarding wages, hours and strong-arm methods of excluding unionism were murmured against at home, the manufacturers were excused on the ground that no embarrassment must be put in the way of material progress for the poor South. There was an appeal to sectional patriotism, not always vocal, but none the less pervasive. Just as England had protected her rising manufactures against those of other countries by a tariff, so the South regarded the North with jealousy and suspicion, and sought to defend her industry by preserving a differential advantage. A sort of Southern mercantilism held sway. Smouldering embers were fanned into flame by Southern efforts to curb the evil of child labor. The protestants, however apparent the purity of their motives, were traitors to the South and, it was urged, to the children themselves. Home champions of the children were classed with outside investigators as agents of the rival manufacturers at the North, and their findings were branded as inspired lies. When national child labor legislation was introduced, this same argument of a persecuted section was strongly brought forward by Southerners.

Besides these accompaniments of our Industrial Revolution in the South, there have been other special circumstances more or less peculiar to the section. In England, Germany and New England, industrial development took place in several, even many, fields more or less simultaneously—iron and steel, mining, ship building, and land transport as well as textiles. But in this instance few alternate employments were opened. It was harder to realize that the region had entered upon an industrial career because of this confinement of manufacture to one raw material. The proof of a general aptitude for machine methods was lacking. If workers became dissatisfied with conditions imposed in the cotton mills, there were only sterile acres to go back to. Also, there were so many Poor Whites yet unrescued from their rural state, in comparison with whom the mill worker was well off, that arguments for improving factory wages and hours met with small enthusiasm, even could anything have been accomplished, in a realistic economic view, in face of the abundant labor surplus.



Further, all the workers are of one blood with each other and with their employers, and this racial identity has obscured economic cleavage. The thought has been held to by employers and employees alike that this is a white man's industry; that this opportunity of work is to be reserved against the negroes has further emphasized unity of interest. Demagogues, entering the mill villages at election time, have found a condition exactly to their liking—thousands on thousands of ignorant whites conveniently collected and readily aroused by the race issue to vote for representatives no wiser, but more cunning than themselves. They have never been stirred against the status of their own industrial lives, but only against the bogey of negro equality. Practically all of the Southern mill workers are Protestants belonging to evangelical denominations in a section where religion, or at least church-going, has been an inveterate habit; the labor organizer from the North has been distrusted and disliked because he himself is, or certainly represents, Catholics and foreigners.

I have tried to this point to sketch the forces, universal or particular, which have made the South slow to recognize what has been taking place. Some of these influences were stronger at the opening of the manufacturing era, but others have retained their potency pretty much undiminished over the whole period. I do not excuse our backwardness in bettering the essential conditions of factory employment; I simply wish to set forth facts without a knowledge of which our economic posture in the South is incomprehensible.

Our technical progress has outstripped our social progress. The cotton manufacture in the South has shot ahead of that in the North partly because management has been alert to introduce the newest machinery and the latest methods of generating and applying power. But the advance has also been enabled by the fact that while tribute was willingly rendered to patentees and hydraulic engineers, the workers have been paid little and have labored long. It must be remembered, however, that industrial revolutions have regularly carried two transformations, one in methods of production, and the other in methods of life of the working population.

Just as we have had in the South fundamental causes characteristic of the development of industry everywhere, and superficial influences peculiar to this section, so improvement in working standards must proceed in accordance with further progress in both of

these sets of forces. We may consider the more transitory and particularly Southern factors first.

The effects of slavery are being dissipated. The negro's nominal freedom is taking on the elements of genuine emancipation. He is becoming land owner in the country and home owner in the cities. The war demand and restriction upon immigration have set him further ahead in a decade than did years of toilsome welfare work in his behalf. At least a million negroes have migrated to industrial centers northward, and probably a larger number have moved from the land to urban communities within the South itself. The negro, far more literate than before and more effective as a worker, is entering new occupations. This movement, taken over a period, is bound to improve farm methods, lessen competition in the country, and increase the profitableness of raising Southern staples, all of which redound to the advantage of the mass of whites. Everything which helps the condition of the negro at the bottom helps the Poor White next to the bottom.

Secondly, the character of Southern industrial leaders has undergone change. The second and third generations, the men active on the scene to-day, are not eleemosynary in their nature. Rather they are entrepreneurs, trained in the school of calculation, and accepting the conditions of sharp competition in world markets. This does not represent a social loss, but a gain. Since the employer is now appearing in his true economic guise, claims of worker and community upon him stand out much more distinctly than once. It is now patent that much which the pioneers spoke in sincerity on the subject of operatives' welfare, has become mere cant in the mouths of employers who claim to protect their people against themselves, or against the State.

In the third place, sectional consciousness in the South is fading out. The "Rebel Yell," still occasionally raised by Daughters of the Confederacy at their conventions, evokes in us now a tenderness for individuals who suffered in a past day, but stirs no empty pride in the grand gesture of succession. The South furnishes the continent's latest land boom, develops giant power to rival Niagara, finds its industrial stocks bought and sold on the New York exchange with those of Pittsburgh and Detroit. In the cold months the Manhattan man leaves his desk for Pinehurst as familiarly as he goes to his club in Gramercy Square. More importantly, however, the

South is becoming economically a part of the nation by reason of the movement to it of industrial plants from North and West. This amounts, in cotton manufactures certainly, to a veritable migration, and asks us to look at what is happening in the underlying currents of the Southern economic eddy.

The large conditioning facts have always been, of course, on the one hand the availability of capital and enterprise, and the degree of confidence with which these could be employed, and, on the other hand, the supply of labor. The new mills that are coming South, not only in textiles but in other departments, are tending to balance the equation by furnishing more work and correspondingly taking up the labor slack. The Southern differential advantage, reaching in cotton manufactures about 30 per cent as compared with the North, and consisting mainly, but not wholly, in lower labor costs, is destined to be eaten away little by little through the action of competition within the South itself. Practically it may be said that the only advances in pay which Southern operatives have enjoyed have come from increased demand for their services, which had its effect willy-nilly; unionism, the deliberate effort of the workers, owed its measure of success to this stimulus, and subsided when demand fell away. Unless something unforeseen occurs, and anyway in the course of years, we are bound to have—through increased investment by Southern industrialists, re-location of Northern plants, and the opening of new manufactures—a sustained lift of the operative out of low wages, long hours, and the refusal of autonomy which shows itself in annihilation of his attempts at organization, and the maintenance of the company-owned town.

There can be no doubt that in the current phase the Southern factory operative, certainly in our typical industry, is exploited. He is fit for a wider diversity of employments, he merits greater leisure and self-direction, requires to be included in social counsels, and will repay a high standard of life. I believe that, however behindhand, we are now at the threshold of the second stage of our industrial revolution, which shall realize these objects and bring us abreast of the times. I am certain of the satisfactory outcome. Industrialism has supplied the living spark of progress in the South. We must be careful that while we feed and encourage it, we also control it, keeping the flame to a grateful glow, not letting it leap up into a consuming fire.



# Is the New South Forgetting the Human Side of Industry?

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By ELIZABETH L. OTEY  
Lynchburg, Va.

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NOW that Southern legislatures are appropriating large sums for the purpose of advertising the manufacturing possibilities of their states, and governors have doffed their long-tailed coats and are business men, magnified agents of state chambers of commerce, vying with each other in their efforts to secure factories in their states, it looks as if the new industrial South were fully aware of itself and pleased at the figure it is cutting. Apparently there is no dissenting voice, save for a sentimental Southerner or two, lamenting the good old days when the South was agricultural, a land of plenty and fried chicken. The statistical array of increasing numbers of manufacturing establishments is indeed impressive, so much so that one falls easily into the way of "pointing with pride" to the mechanistic side of the picture and of forgetting the human side. Yet some of the reasons for this industrial development give cause for genuine alarm.

Industries are brought South, we are frankly told by official advertisers of the South's merits, because of a fairly abundant supply of cheap labor and because of freedom from interference on the part of labor unions. Labor is cheap and wages are low. The fact is significant that the greatest development has been in the textile industry, that very branch of industry in which wages are lowest of all and the working day is long.

In the cotton mills the average full time earnings for men in the five southern states, Alabama, Georgia, North Carolina, South Carolina and Virginia range from \$14.55 a week to \$18.33 a week, and for women from \$11.43 to \$14.46; in four New England textile states, Massachusetts, New Hampshire, Rhode Island and Maine, wages for men are from \$22.05 to \$25.27 a week and for women from \$17.59 to \$20.90. Similarly, the working day is a long one. The mills run ten hours a day for five days and half day on Saturday, making a working week of about 55 hours, nearly 57 in Georgia, as contrasted with 48 to 53.8 hours in the New England group. Labor is completely unorganized. Boosters of native-born Anglo-Saxonism tell us it is too individualistic to organize, but certain it is that the condition is deplorable where labor has not advanced to the point to bargain collectively. The other accompaniments of the

industrial South—night work, feudal condition in employer-owned mill villages, lack of participation in community life—all bespeak a low level of cultural development.

Of course, the South needs industry and diversified industry, much more than she has at present, but it is regrettable that the price paid is the exploitation of human beings—human beings whose economic standards are too low to know when they are exploited. The uncritical South, with its *laissez faire* traditions is unwilling to profit by the experience of other industrial countries, England and New England, and so fails to count the cost.

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### Southern Textile Trade Paper Views With Alarm

THE editor of the *Southern Textile Bulletin* is exercised over what he calls "Our Greatest Menace." In a recent editorial he fearlessly tells the world what this menace to the country is. It is—yes, he puts it down in black and white—"the modern college professor"!

"No one," this editor complains, "has ever explained to us why men who are employed to teach in universities and colleges feel that curing the social evils of the State are part of their duties."

The fact that the *Southern Textile Bulletin*, published at Charlotte, N. C., is a leading spokesman of the cotton mill owners may sufficiently explain its attitude toward socially-minded professors and others who question whether protective labor standards are not lagging behind in the remarkable industrial development of the South.

The editor makes an earnest effort to give an air of plausibility to his intimation that college professors who desire to "make labor surveys and to influence labor legislation" are connected in some roundabout way with a "red Teachers International" and free love!

Specifically—and here is the rub—he is agitated over two conferences—one at Greensboro, N. C., December 12, at which a program was discussed to decrease hours of labor in Southern industry from 60 to 54 hours a week, and the other at Washington, December 29, where problems of the New Industrial South were discussed at the annual meeting of the American Association for Labor Legislation. "Both meetings," says the editorial, "were lead (sic) by a radical Socialist named Paul Blanchard"—which suggests occult powers of leadership in view of the fact that Mr. Blanchard was not even at the Washington meeting.

North Carolina, the home of the *Southern Textile Bulletin* and the heart of the great Southern expansion of the textile industry, is one of the five states—all in the South—that have not yet adopted a workmen's accident compensation law. Do the Southern cotton manufacturers take the position that this modern protection against occupational accidents, as well as those who favor its adoption, constitutes a "menace"?

# The Background of the New Industrial South

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By FRANK BOHN

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THE greatest single change in this country during our time is the change from the old agriculture to the new industrialism which is taking place between the Potomac and the Rio Grande. Imagine our nation industrially as made up of three marching columns. Hitherto the columns representing the North and the West have led the way. The South has tarried far behind. Now the South comes up to march abreast of us—on into the mighty future, which lies before industrial America.

The North does not know the South. This is true whichever way we approach the subject. The greatest leader in the history of the South was Thomas Jefferson. Jefferson taught states rights as an aspect of democracy. States rights was the corner-stone of popular freedom. Two generations ago the agricultural South rose in arms against what they conceived to be domination by the industrial and financial North. Her position was much like that of our agricultural Northwest to-day. The old Northern interpretation of sectional history will not stand analysis. Conceive of the importance, for instance, of the "Regulators" of western North Carolina and of the Mecklenberg Resolutions, which were a local Carolina Declaration of Independence in 1775. A generation later we find Jefferson and Madison leading Virginia and the Nation toward democracy. Two generations later it was Andrew Jackson in Tennessee; and don't forget that Abraham Lincoln came from Kentucky. For three-quarters of a century a one-sided and partisan history has twisted the Northern mind into misunderstanding the great basic principles of the social and political history of the South.

I have referred to this background, because, at the very outset, I want Northern minds to be open, and open in a new way.

The people of South Carolina are so closely akin to the native people of my state of Ohio that the differences are inconsiderable. There is less difference between the rural white inhabitants of these states, in all the fundamental things of their minds and manners, than there often is between the people of two adjoining counties



in England or provinces in Germany and France. We Americans are fundamentally one people. We have the same mind, the same attitude toward life. If we start there we shall start with a sound premise.

Now let us look at the more recent period of national history. The North in 1876 was far advanced in the first stage of industrialism. The North had factories, ships, banking capital in large units, and a rapidly growing city population. The South was not only backward industrially. The South was prostrated by fifteen years of destruction. What this period of fifteen years did for the South the North does not yet understand. First she was stricken down by a terrible war. She was broken as no people have been broken since the Thirty Years War in Europe. Then, for a full decade, she was not permitted to rise. She was not served by a Dawes plan as is Germany. What she did she did in weakness; but her faith was great.

To this new South, industrialism now comes with a rush. She has taken first place in the manufacture of cotton. She is forging ahead toward the first place in the manufacture of furniture. Her Birmingham region is a second Pittsburgh district. She is diversifying her agriculture. Her manufactures will be as varied as in the North. This new Southern industrialism is based squarely upon four massive pillars.

The first pillar is her **abundance of resources**. I cannot tarry to describe them. Any summary of census reports will do that for you. The list is a staggering array. The South has cotton and corn, timber and clay products, coal and iron. The Southern Appalachians contain fifty-one out of the fifty-nine merchantable minerals produced in North America.

The second pillar of the newest South is the **low cost of living**. Her unplastered cottage costs less than half as much to build as a cottage in Maine or Minnesota. Her crops grow in her fields all the year around. The production of food there is a wholly different matter from the production and conservation of food in the North. The Southern worker needs less and everything he needs costs him less.

The third pillar of the new economic system of the South is **cheap power**. Her water power resources are enormous. Vast beds of coal for steam lie adjacent to the flowing streams. This is

the main reason for the movement of textile industry Southward. It vitalizes and cheapens the whole industrial process.

The fourth pillar of Southern industrialism is the **easy contact of her whole area with the sea**. The Southern Appalachians, with the Piedmont district, are developing into a primary industrial district. This district will be more and more balanced by manufactures in the coastal cities. From the Hampton Roads region around to Galveston, Texas, the harbors of the South will, in the future, vie with those in the North in industrial development. Last year I saw a million dollar cotton factory under construction in Galveston. Texas oil is used for fuel. If you haven't seen the new industrial New Orleans, go and take a look at her. She is worth seeing.

There are two regions on this earth and only two, which, eventually will outdistance all others as to the number of people they will support by agriculture and factory production. These two are Southern China and our South. Both are marked out by nature in a most extraordinary way. Each lies between the sub-tropical and the temperate zones. The westward moving currents of the oceans, the Atlantic and the Pacific, throw upon these two vast regions an abundant rain fall. Normally these would be parts of the great desert zone which includes Arabia and Arizona. But physiographic conditions make them fertile. Above all the other regions, they are the gardens of the world.

The South has been industrially backward. That accounts for the retardation of her legislation. Her economic history explains this fully. For instance, South Carolina to-day is where Ohio was forty years ago, in all that pertains to social welfare legislation. The same may be said of Mississippi. Other Southern states, like North Carolina have recently made more progress. Even so, there are most encouraging aspects in the more backward states. South Carolina has an agricultural extension service as good as any in the Union. She has built a group of excellent state supported colleges. Since the World War she has two hundred rural graded schools of the most modern sort. Large sums have been spent for good roads.

To one who has had the privilege of traveling widely in our South, and knowing these people at their work and in their homes, the case for immediate progress in social welfare legislation is excellent. The new South is finding a new local

statesmanship. Her best leadership is at home, toiling industriously upon local problems. **The very next step is a better system of social welfare legislation.** The South is opposed generally to federal legislation in this field. The logic of working through state legislation ought to be evident to all. We must try it out, and if it does not work, we will see a trend again toward national legislation.

We have in the American Association for Labor Legislation a body of technical experts in this field. This organization stands ready for the highest and most valuable sort of service for the states which wish guidance. I believe that the way is wide open for us. But we must go to help, to sympathize, to cooperate, and to win our way by the excellence of what we have to offer. The utterly changed conditions of the new industrialism in the South presents many problems to her people. This matter of labor is the most difficult of all her problems, because it marks the largest break with the legal traditions of the past.

Southern progressivism will win for two reasons.

First, the industries and capital now pouring in from the North are not going to be more rapidly drawn toward the South by bad conditions. They are going to be drawn by ever better standards of labor. The first principle of the new industrialism around about the whole world is this,—the high class worker is the worker who enjoys a high standard of living. **A progressive workmen's compensation law is in the class to-day with good roads and good schools.** Nothing will keep any section or district back so much as low standards of wages and of social conditions among her workers. Detroit gets so much from her workers because Detroit gives them so much. The old bad industrial conditions which preceded the World War are as far gone as the old conditions which preceded '61.

The second reason why the Southern progressivism will win lies in the character of the new Southern leadership. South Carolina and Georgia and Mississippi may be a generation behind the North in social welfare legislation, but it is not going to take them a generation to catch up with the procession.





# The South Is Eager for Industrial Development

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By WILSON GEE

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THE South is keenly eager for industrial development. There is nothing that can happen to-day in a Southern village or city which is more heralded than the announcement that a new industrial plant is to be established there. Local chambers of commerce, and even state governmental agencies are advertising in a systematic manner the advantages offered by their particular localities for various kinds of manufacturing enterprises.

Such a concerted program reflects the thoughtful attitude of the best leadership of the South at the present time. In this connection, these leaders realize a great many things among which perhaps the following are the most outstanding.

Hitherto, this region of the nation has been almost entirely agricultural and hence rural in its civilization. While marvellous progress has been made in recent decades in the development of its farm wealth, there is a vastness of potential waterpower, mineral, and surplus labor resources which have remained only partially or completely unutilized. The raw materials of the Southern farms have gone to eastern, western, and foreign manufacturing centers for elaboration into finished products, and the South has in this way transferred much of its birthright to other sections not any better favored, and often not so well, in the essentials for sound industrial development.

The result has been that the Southern States are among the lowest in the United States in the item of per capita wealth. This condition has made for correspondingly inferior standards of living, low educational ratings and proportionately high percentages of illiteracy, unusual degrees of farm tenancy, extensive mileage of unimproved roads and many similar signs of backwardness.

The responsive leadership of the South has developed a healthy sensitiveness to repeated indictments as to the truth of these conditions and realizes that the devastating effects and after-effects of

the War Between the States no longer constitutes a valid excuse for the existence of such retarded development in perhaps the most favored section of the nation in its natural resources. The key to the solution of the problem of low per capita wealth is clearly seen in a better balance between agriculture and industry. Manufacturing is the favored industry to-day, and in order that larger taxable values may be created, it is necessary that manufacturing establishments should multiply in the numerous locations strategically situated for the various kinds of such industries. And thus the urge for more cotton, tobacco, shoes, furniture, paper and wood pulp, and other factories is taking concrete form in the hundreds of new establishments of all kinds rapidly dotting the formerly almost completely rural areas of the South.

Moreover, the barely marginal and sub-marginal farmers of this region, who have so long coped unsuccessfully with the uncertainties of agricultural production have been emancipated in tens of thousands by the less adverse and complicated processes of a specialized machine industry and seem to have been greatly bettered by their transformation from the poor mountain white, and the poverty stricken dirt farmer into the industrial operative. Those who would criticize the leadership of Southern industry for callous exploitation of the human element in their factories must always bear this factor in mind.

But certainly there should be no disposition on the part of the dominant leadership in the promotion of Southern industrial development to allow the industrialization of this region to come about in a way that is not genuinely humanitarian in its impingements.

No executive of a Southern state has approached in a more aggressive and constructive way the matter of stimulating the industrial development of a state than has the present progressive young Governor of Virginia, Harry Flood Byrd. His attitude is excellently summed up in the following quotation which constitutes the concluding paragraph of a recent message to the 1928 General Assembly of Virginia: "Virginia is on tiptoe to embrace the largest opportunities for economic development that have come to her in her entire history; but she will not neglect to perform her governmental functions with humane understanding and broad vision. We may attract many industries that make money; but we must not forget the institutions and training that make men and women. For the

distinction of Virginia has come from her production of men and women who command our admiration and stimulate our pride. I know the people of Virginia and have an abiding faith that they will not neglect our priceless resources in flesh and blood and souls as they go forward to develop our natural resources."

The people who will control in considerable measure, for the next several years at least, the policies of industrial development in this new era in the South, are the capitalists whose money makes possible such expansion. The task before those who have at heart the best interests of the South and nation is to convince these capitalists that there is enough knowledge available regarding the processes of industrialization, and the advantages of adopting modern general welfare principles such, for example, as accident compensation, to have established rather clearly what is desirable in such development and what is not. Since the days of Adam Smith and his "The Wealth of Nations," many of our best minds have been studying this problem, and their efforts have not been wholly futile, either.

There is no doubt in the world but that the South will become increasingly important as an industrial area of the United States. The practical question before us is whether study and counsel cannot be given to the trends in this process so that the proper principles can be applied in a way that we shall avoid as far as possible the evils manifested in New England and the older industrial areas of this and other countries. If the intelligence and foresight of all interested parties, capitalists, labor leaders, statesmen, newspaper editors, college professors—in fact, everyone who has a duty to be interested—is enlisted, we can make the industrial development of the South one of the most ideal that has ever taken place in the civilization of the world. Shall we neglect so great an opportunity and responsibility?





# Women Work Long Hours in Southern Mills

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By MARY ANDERSON

*Director, Women's Bureau, United States Department of Labor*

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IN a conversation that I had with one of the Northern manufacturers who is going South and has now, I believe, a half dozen cotton mills established in the South but still manufactures in the North, I asked him why he invested his capital in the South. I got the same old answer that we get all the time: "I can not compete with the South as long as Massachusetts has the forty-eight-hour week." I asked, "Is that the only reason?" He replied, "No, not the only reason but the main reason."

"Why," I said, "don't you move to Rhode Island, New Hampshire, or Maine where they have practically as long hours as you could carry on in the South, instead of moving all the way to the South?"

"Of course," he said, "there are some other reasons. In going South we are nearer to the supply. We can ship just as cheaply from New Orleans to New York as from Boston to New York." And he added, "One of the main reasons is that when we go South we don't establish ourselves in the city; we go in a county and build a mill village and keep our labor supply. We get cheaper labor; can work longer hours," and, he went on, "we don't pay much of a tax. That is the real reason."

We are, of course, interested in all of the workers in the South, but, as a Women's Bureau, we naturally have a primary interest in the women who work. In the nine years of the Bureau's existence, we have accordingly made investigations of women's work in nine out of the fourteen Southern states, covering Mississippi, Alabama, Georgia, South Carolina, Virginia, Maryland, Kentucky, Tennessee, and Arkansas. Louisiana, Florida, North Carolina and West Virginia remain to be done at some later date.

The questions asked in these state studies have dealt largely with the wages received, the length of the hours worked, and the

working conditions inside the mills, factories, stores and laundries where the women are employed.

The outstanding fact has been that in practically all of the Southern states into which we have gone, the percentage of women working forty-eight hours or less has been very low, in some of them so low that there is almost no percentage to be recorded. Roughly, the range in these nine states is from one per cent in Georgia to 21 per cent in Arkansas. Maryland is the one exception, due to the predominance of the garment workers in that state, who, with a strong union, have run the percentage up to 52 per cent. In the North, on the other hand, in the states we have surveyed there, the range is from 13 per cent in Indiana to 68 per cent in Rhode Island. The bulk of the women of the Northern group really lies between 34 per cent and 68 per cent, with Indiana and Iowa, which have no laws regulating hours, and Oklahoma with a nine-hour law bringing the record down.

Low wages follow long hours. History tells us that when there is a reasonable working day and good working conditions, we find also better wages. In other words, better standards are likely to be found pretty consistently together while the less acceptable standards follow the same rule.

Because the industrial development of the South, however, is comparatively recent, we have a number of new plants, and the physical conditions of employment with regard to equipment of their mills and factories are, in consequence, apt to be of the best. But that fact is continually overshadowed by the intolerably long hours of labor and the low wages. The wage may, as has been said, be better than a great many workers had before the mills came, but it is a low wage and in competition with industry that is paying a better one.

The South in its rapid expansion will have to take into consideration a readjustment of these conditions. It cannot continue to expect that practically all the waking time of the workers shall be spent in the mills. The women especially have other demands made upon them—the responsibilities of their homes and their communities, and now the responsibilities of citizenship. There will have to be time allowed from the working day so that these demands, which are reasonable and just, may be met.

# Outlook for Social Legislation in the New South

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By THOMAS W. HOLLAND  
*University of North Carolina*

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THERE is urgent need in the new South for a constructive and intelligent policy towards social legislation.

In North Carolina, the industrial worker works longer hours, receives less money wages, and stands less chance of being compensated in case of accident than the worker in a majority of the states in the Union.

At present, and for some time to come, there is little hope that the workers themselves will be able to advance their own interests. Organized labor is very weak, with about 20,000 union workers in the state, mostly in the transportation, building trades, and typographical unions. There is apparently a large reserve supply of labor on the tenant farms and in the mountains which is available for industrial purposes. To these laborers, life in a mill village is an improvement over their former condition and they are poor prospects for the union organizer. However, the strike in Henderson, N. C., last August suggests the possibility that discontent is beginning to manifest itself among the textile workers. Eight hundred workers, without leadership and apparently quite spontaneously, struck for more wages and remained out a month, before the hopelessness of their position compelled them to return to work.

The employers are not apt to raise wages and shorten hours voluntarily, nor will they be forced into competitive bidding for labor for some time to come. The dominant employers, the textile manufacturers—with approximately 250,000 people dependent upon their industry in North Carolina—are committed to the maintenance of the mill village. Much debate has gone on recently as to whether the services received by textile employees compensate them for their low wages and long hours. In many mills the services, no doubt, put the mill worker on a par with the northern worker, but there is also evidence that the system works primarily to the benefit of the mill owner. The Southern mill owner is well aware that his major competitive advantage over other parts of the country lies in the



lower wages and longer hours of his employees, and that taxes, transportation, power, and climate are of secondary importance.

A study made in 1923 disclosed that the wages of the average textile worker in North Carolina, South Carolina, Georgia, and Alabama amounted to \$644 a year. This was 37 per cent below the wages in Massachusetts at that time. The American Cotton Manufacturers' Association has estimated that the nominal charge for rent, water, lights, wholesale prices on coal, and the contribution of industrial welfare work is equivalent to \$4.36 per worker per week in the mill villages. Allowing for this equivalent, the wages in the South are still 15 per cent below New England, and it should be noted that the manufacturers' estimate of the cash value of the benefits received by the workers is based on the more modern mills and is not representative of the average.

Because of the weakness of workers, and the aggressiveness of the employers in maintaining their advantages, the responsibility of the legislature for the protection of the industrial workers in North Carolina is great. Unfortunately, the legislature has not readily assumed its responsibility. The predominance of representatives from rural districts, the absence of strong organized labor sentiment, and the prominence of textile interests, combine to create an atmosphere of unfriendliness to social legislation.

In the 1927 legislature, a bill was introduced to limit the hours of labor for women to fifty-five. This bill was flippantly received by the legislators and was overwhelmingly defeated. The child labor law was amended so as to establish the eight-hour day for children between fourteen and sixteen, but with the proviso that the restriction does not apply to children who have completed the fourth grade. In effect this law is a step backward, because it repeals the beneficial 1924 law which gave the Child Welfare Commission jurisdiction over the employment of all children under sixteen where the child was diseased or the surroundings hazardous or immoral. A workmen's compensation act was introduced. It was based largely on the Virginia act and was drawn up by the attorney for the mill owners. The proposed bill was opposed by the labor unions and failed to pass.

We have in addition to our reluctant legislature, the law enforcement problem. A law passed in 1915 forbids the employment in a factory, with few exceptions, of any person more than eleven

hours in any one day. Day work in the mills does not as a rule exceed eleven hours, but at night the twelve-hour shift in the cotton mills is common for both men and women. The employers are so confident that they are not within the law that almost one hundred textile manufacturers report to the Commissioner of Labor that they work a twelve-hour night shift.

It is not intended here to convey the impression that Southern labor conditions are hopelessly degraded. The South by no means has a monopoly on the social ills of the nation. There are mills in which the worker is better off than if he were in the North, and from the standpoint of social development, the mill village represents a definite advance over the tenant farm. But on the whole, the condition of Southern labor is characterized by low wages, long hours, and the lack of protection from the hazards of industry. The social and economic consequences of the eleven-hour day, the twelve-hour night, and a wage level that averages below \$15 a week can hardly be beneficial to the South or to the country at large.

In closing I should like to mention the difficulty which besets one who attempts to generalize about the industrial South. Information is distressingly scarce. The observer has little chance to secure inside information. The manufacturers are opposed, in principle, to investigators and consequently much that could be said in their favor goes unsaid. An impartial analysis of the Southern industrial situation giving due weight to all the factors involved would be most welcome.

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### “The Laggard States”

COMMENTING on the discussion of the New Industrial South at the twenty-first annual meeting of the American Association for Labor Legislation at Washington, an editorial in the *Birmingham (Ala.) News*, reprinted in the *Raleigh (N. C.) News and Observer*, declares:

“Five Southern states in the South that still remain without the pale of accident compensation laws deserve the scathing rebuke of these social delegates at Washington. Arkansas, Florida, Mississippi, North and South Carolina are the laggard states that have not kept step with 43 other American states in fixing damages for deaths and injuries for workers in industry.”

# The South Needs Local Leadership Among Social Workers, Wage- Earners, and Others

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By ROSWELL W. HENNINGER

*Professor of Industry, North Carolina State College of Agriculture  
and Engineering*

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PROFESSOR BROADUS MITCHELL has in the present discussion<sup>1</sup> given a very good historical sketch of the early Southern industrial background. He has also pointed in a general way to some of the problems of the present and future. Mr. Frank Bohn, too, has confined himself to looking into the past in order to obtain a measuring stick for the present.<sup>2</sup> Both are probably aware of the complicated entanglements that come with Southern industrial problems. Personally, I do not believe in looking at the labor problem or labor legislation as an entity. They are but aspects, and with other aspects make up the larger problem which is the Industrial Problem.

What concerns the South more than anything else is the development of industrial enterprise, and the forms of public improvements that will aid in quickening this development. All efforts are bent towards the development of resources into different forms of wealth. This is without doubt the road leading away from the poor living standard which exists in the rural districts. For the good of the Southern worker, factories, good roads, power developments, and schools are needed and should be built.

Capital should receive proper protection, but efforts should not be bent towards that end alone. The worker also is in need of protection against the hazards to safety and health that he faces, and in the contribution that he brings to this building of industrial wealth.

The Southern worker lacks leadership. The cooperation he might obtain from others who are in a position to aid in securing protections is for various reasons denied him. Nearly all the forms of industrial wealth are so new and are struggling so hard for their

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<sup>1</sup> See p. 16.

<sup>2</sup> See p. 28.



place in the sun, that he who cannot or will not look after his own interests will be denied the fruits of those interests. The women of the South are beginning to sense this lack of leadership and some are attempting to provide it for their own sex through the legislatures.

Labor legislation will progress just as far and as fast as leaders are capable of seeing the whole industrial problem. Leaders will need to see the interrelationship between industrial expansion, taxation, labor aspirations, shifting scenes of agricultural production, an agricultural population becoming industrialized, and the tremendous difficulty of having people give up customs and traditions that have for a long time been considered fair. In fact the question is one of real statesmanship rather than leadership. Leaders mean groups, groups are factions, and factions mean strife. It is possible that strife is the only way through which truth will emerge.

One of the great needs is for further careful and impartial research into the industrial problems. Proper legislation should be proposed and enacted in the light of facts. Efforts are readily expended towards keeping industry, the state and the county solvent, but practically nothing has been done toward ascertaining the facts necessary for keeping the worker solvent, or determining of what his solvency consists. The whole industrial problem is gyrating around the "bargaining power" of groups and as yet the worker's group is not well defined. It needs must wait at present upon what other groups both wish and have time to give it.



# Deplorable Conditions Among Textile Workers

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By JAMES STARR

*Secretary-Treasurer, United Textile Workers of America*

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AS a representative of the United Textile Workers of America I have been in the South several times and I have failed to find the conditions amongst the textile workers that have been set forth by some of those who have taken part in this discussion of the new industrial South. I will admit that I have not been there in two years and conditions may have changed in that time, but I do not think that they have.

I found on my visits to the South a most deplorable condition existing amongst the textile workers—poor housing conditions, low wages and long hours. The average wage, in so far as I know, for textile workers in the South is about \$12 a week for full-time work. If this is so—and it is—how in the name of common sense can a man support a wife and family on such a wage? It cannot be done. The children have got to go to work at a tender age in order to eke out an existence for the family. The wife and mother, when not bearing children, also has to go to work. I found upon investigation that this was general in the textile centers.

There is very little protection given these workers by the laws of the Southern states. It is true that they have in recent years passed so-called child labor legislation, but I cannot see wherein it has been of any benefit to the children. Some of the states have a law that allows children who have reached the fourth grade to go to work—and then that law is not enforced. In fact my investigation showed that such laws as they had in some of the Southern states were being winked at by the employers and not enforced by those who were in authority.

On my last visit to the South I came in contact with textile workers who were living in the homes built by the employers. In one of these homes I found a young girl who had left her work because of an insult offered by her boss. There were several of the same family in the mill. They were told that this girl must come back to work or they would all be discharged and have to move out of their home.

Many of our good people in the South told me personally that they wanted organization, but were afraid to go to a meeting because of the spying system that was in vogue by the corporations. In fact I held some meetings with a few people here and there called quietly together in the dark, because they were fearful of being seen going to a meeting openly. I found some very broadminded men and women in the South amongst the merchants, church folk and students who felt very keenly for the downtrodden textile workers, but because of environment they were afraid to come out in the open and say some of the things that they said to me privately.

Professor Henninger has told you that some of the men and women who have advanced thoughts on the Southern situation were afraid to express the same because of certain positions which they held. I know very well that what he says is true, and the story has not been half told.

Much of the capital that has been invested by the textile barons in the South is money that was made in the North by these employers where many of them took unfair advantage of the workers. When they no longer could exploit their so-called foreign element amongst the textile workers in the North they went South and they gloated over the fact that their workers in the South are 100 per cent Anglo-Saxons. I believe they are almost 100 per cent Americans, but it might be well too, if there were only 75 per cent Anglo-Saxons and 25 per cent of the so-called foreigner. If this were so they would not be able to exploit the textile workers as they have been doing.

I believe that the American Association for Labor Legislation, through its educational work, will in time be instrumental in having better laws passed in the different states. I can assure you that the United Textile Workers of America will gladly give any assistance in our power to the end that we may be able to help the helpless in the textile industry.

There is no reason in my mind why the working people in the South should not have just as good conditions as those that live in the North. The children should have the same opportunities for education in the South as children have in the North. Their fathers and mothers should be just as free to act as American citizens as are other Americans in any other part of the country.

Some reference has been made by others in this discussion as to what \$2 can do in the South in buying food, clothing and other necessities. In fact the statement has been made that \$2 in the



South will go as far as \$4 in the North. I cannot agree with gentlemen who make that statement. I have been in many parts of the South. When I wanted to buy a decent meal it cost me just as much as it did in the North. If the standards of living in the South were the same as the North, \$2 would not go very far. We know that the living standards in the South are far from what they should be. If things do not change in the very near future, no doubt our good Southern people will wake up and demand not only a living wage but a saving wage as well and I believe that the time is not far distant when such a demand will be made. When made, they should receive it without a struggle, but if they are forced to it they will do the same again as they did on other occasions in the past. Even though it means sacrifice and suffering, they will fight for their rights as American citizens.

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## Needed—Facts About the South

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By HARRY M. CASSIDY  
*University of North Carolina*

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“INDUSTRIAL life in the South is happy and contented, healthy and prosperous,” says Mr. Wade H. Harris, editor of the *Charlotte (N. C.) Observer*, “the conditions under which Southern labor lives being quite the opposite of tenement life in the North and East. \* \* \* In short, the cotton-mill operatives of the South live amidst the best surroundings that medical science can devise and in all the comforts that money can provide, for it is the human element that dominates the Southern textile industry.”

But—says Mr. Alfred Hoffman, Southern organizer for the Full Fashioned Hosiery Workers, referring to the same textile workers of which Mr. Harris speaks—“The people \* \* \* are just an underfed, overworked, malnourished, evertired, bunch of consumptives. \* \* \* The workers are practically put on the auction block and sold at low wages. The Southern power interests, and Southern Chambers of Commerce are the auctioneers, selling the South to manufacturers with the bait of thousands of workers to be shamefully exploited.”

Here are statements that are typical of those that come from interested parties regarding labor conditions in the South Atlantic

States. The manufacturers and Chamber of Commerce secretaries and the journalists who reflect their point of view say, and say very loudly, that conditions are splendid. Labor writers and sympathizers tell a quite different story. In so far as there is a literature of Southern labor it is largely of this sort, propagandist or semi-propagandist in nature. It abounds in loose and exaggerated statement. Thus the student of the situation who looks for enlightenment to the printed word is liable to find himself severely disappointed. And middle-class people who depend for their information primarily upon newspapers are commonly in a state of befuddlement regarding the truth of the matter.

There is available, unfortunately, no very accurate information of a basic sort concerning many aspects of the Southern labor problem. Few surveys and primary investigations of the kind that are essential to intelligent generalization have been made. In considerable measure the currently reported statistical data regarding wages, hours of work, working conditions, and health are inadequate. The Bureau of Labor Statistics reports of this nature are usually excellent, but they cover only selected groups of workers and are concerned only with certain topics, chiefly wages and hours. The labor statistics issued by most of the states are by no means detailed, are often poorly organized, and in some instances are open to the suspicion of unreliability. North Carolina, South Carolina, and Georgia are weak in this respect, while Virginia makes a much better showing.

From the standpoint of the person who is eager to learn but has not time for ferreting out facts from basic reports, it is still more regrettable that there has been relatively little organization and interpretation of this material for presentation to the general public. There are facts enough compiled in various federal, state, and private documents to scotch most of the loose and exaggerated statements about Southern labor conditions that are commonly made. But the man in the Southern street has little means of knowing what they are.

In view of this state of affairs it is highly important that those who wish to improve labor standards in the South through legislation encourage fact-finding by all means within their powers. More and better labor statistics are needed and must be secured, of course, primarily through governmental agencies. Hence the improvement of the state reporting services ought to be a leading aim

in the labor legislation program. Southern labor is a fertile field for academic research. To the student of labor who seeks virgin soil for his efforts, untouched and worth-while research topics, the admonition "Go South, young man, go South," would be quite appropriate. There is much work to be done and the workers are few.

More light is needed as a basis for developing intelligent programs of labor legislation. We need to find out more carefully what are the sore spots in the new Southern industrial economy and what kind of treatment they require. Furthermore, the facts about the labor situation must be given broad circulation if public opinion is to be aroused in favor of labor legislation. There is in the South at the present time no very great concern with the ills of labor. The great mass of the industrial workers are not at all vocal, and the middle-class city people, in their enthusiasm for their new-found prosperity, are uncritical of the circumstances of industrial development. The farm-dwellers, owners and tenants, have troubles of their own, and are not interested in the problems of industrialism. It will require clear and convincing presentation of the necessity of raising labor standards to undermine this indifference on the part of the public and get action from the legislatures.

Without much question the facts of labor conditions are such as to support most reasonable requests for protective legislation that are being made. Properly presented to the public these facts ought to go far towards securing improved labor laws.

It may be pertinent to cite, by way of example, one subject upon which information is sadly needed in North Carolina at the present time. This is the matter of the work accident situation in the state. North Carolina has no workmen's compensation law. A compensation bill was introduced into the 1927 session of the legislature but was defeated. The effort to secure legislation of the kind will be renewed when the legislature convenes again, in 1929. A careful compilation of facts regarding the accident hazard in North Carolina industries, the status of the law of employer's liability, the types of compensation settlement made under existing conditions, the activities of "ambulance-chasing lawyers," and the experience of other states with workmen's compensation, and the wide circulation of such a report to newspapers and the public generally would probably do a great deal to develop a body of public opinion favorable to workmen's compensation and thus to insure the success of the compensation movement.



## "Tremendous Strides" of Cotton Industry In The South

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A RECENT study of "Labor in Southern Mills" by Paul Blanchard<sup>1</sup> brings together impressively the following data on the recent growth of the cotton industry—a major industry of the new industrial South:

The conditions in Southern cotton mills are a national affair because the industry has become, since 1900, one of the most important in America. Textile mills hire more workers than any other primary manufacturing industry in the United States and cotton mills comprise the largest section of the textile industry. Since the turn of the century the South has leaped forward with tremendous strides toward supremacy in the cotton manufacturing field.

From 1899 to 1924 there was an increase of 288 per cent in Southern spindles, and during that time the South doubled the number of its cotton mill wage-earners. In recent years New England, which in 1899 had three times as many spindles as the South, has lost relatively and absolutely to the South until to-day the two sections are about equal in the number of spindles. New capital going into the industry is going chiefly to the South. Occasionally New England mills are actually moving their machines into the South. It is estimated that New England has invested 100 million dollars in Southern cotton mills in a year and a half. Southern Chambers of Commerce receive the Northern investor exultingly and dream of the South's industrial future with all the vocative ardor of Los Angeles realtors.

The South is not only increasing its spindles at the expense of the North, but it is working the spindles much harder and more profitably than spindles are worked in the North. Many a Southern mill runs its machinery almost all day and all night, while its Northern competitor is running an eight-hour day. In 1924-25, for example, the average Northern spindle ran 1,719 hours while the average Southern spindle ran 3,205 hours. It is estimated that in 1925-26 the Northern spindles ran only 54 per cent as long as the Southern spindles. This gives the Southern manufacturer a tremendous advantage in reduced overhead.

It is not surprising under these circumstances that the Northern mills have lost over a million spindles in the last four years and the Southern have gained over a million.

Significant extracts with respect to hours of labor and wages follow:

While Henry Ford has inaugurated the five-day week, many of the Southern cotton mills retain the eleven-hour day and the twelve-hour night. They have the longest nominal working week of any considerable manufacturing industry in the United States. The eight-hour day is virtually unknown.

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<sup>1</sup> "Labor in Southern Cotton Mills," by Paul Blanchard. New York, New Republic, Inc., 1927. 89 pp.

Legally, North Carolina and Georgia have the sixty-hour week, South Carolina the fifty-five hour week and Alabama no limit. All the Southern states allow night work for women. When they work twelve hours a night, they have Saturday night and Sunday night for a vacation.

These are cold statistical statements. What do they mean?

A man working eleven hours a day in a cotton mill rises at 5:30, bolts a hasty breakfast and hurries off to reach the mill before the last whistle at 6 o'clock. Probably he stands up all day at the machines, has one hour off for lunch, and leaves the factory at 6 P. M. His wife may work with him and go home to prepare the family supper after work.

The twelve-hour night means in practice that a 16-year-old girl may stand at the machines from 6 P. M. to 6.15 A. M. with a fifteen-minute recess for lunch about midnight. I found one mill in Athens, Georgia, which gave no lunch period to its night workers, except to weavers. The other workers ate a midnight sandwich while standing at the machines.

Night work is particularly gruelling, and in most mills there is no extra pay for it. It is not always easy to fill the night force. When there is a shortage of work the employer may give jobs to day workers only on condition that some members of their family work at night. \* \* \*

The workers in Southern cotton mills are poor. They are the poorest paid workers in any considerable manufacturing industry in the United States, in spite of the fact that they also have the longest working day. When I use the phrase "poorest paid," I mean that these workers receive the lowest annual earnings and also the lowest hourly rates. As to hourly rates, the National Industrial Conference Board concedes that the average hourly earnings in Southern cotton mills are lower than those in any other industry covered by their investigations. As to annual earnings, the figures of the Census of Manufacturers of 1923 are quite conclusive on that point. They show that the average annual earnings in 1923 of the cotton mill workers of Alabama, Georgia, South Carolina and North Carolina were \$641.97—a weekly average of \$12.35.

The Bureau of Labor Statistics' figures of 1926 are the latest complete ones. For convenience I will personalize the average wage earner of these figures.

John South Carolina gets \$10.33 a week, while William North Carolina, who represents the best paid of the Southern groups, receives \$13.63. If we ask how the Carolinas succeed in making both ends meet, we find that they count upon three pay envelopes instead of one. Without the pay envelope of the older children they could not live.

The figures that I have personalized are average weekly earnings by states. Of course, many individuals and some families receive much less than the average.

This study, which is strongly buttressed with authoritative estimates and statistics, raises a question whether the defenders of the existing status of labor in the Southern cotton mills are justified in

claiming that the **real** wages are not low because the cost of living is so much less in the South than in the North. It also makes an analysis and comparison of the cost of manufacturing in a Northern and a Southern mill, which shows 16.8 per cent less cost in the South. Engineering reports are cited which estimate that "the Southern manufacturer saves \$6.73 per spindle per year by operating in the South instead of the north and that of this \$6.73, lower labor costs are responsible for \$4.53 of the total.

Mr. Blanchard's discussion of the social implications of the labor policy of the Southern cotton industry, including the mill village, shows a sympathetic understanding of the special conditions that have long prevailed in the South. But he concludes that "even the Southern mill workers will not remain perpetually content under a system of feudal industrial control" and points out that:

The problem of Southern cotton mill labor is much more than a sectional problem. Many Southern people resent the interest of Northern observers in Southern conditions as "interference," but the truth is that low standards of labor in Southern mills have already interfered with Northern and Western factory labor standards and threatened the most precious gains that labor has made in the last generation. The Southern mill village has become a national affair, a factory system expanding swiftly without commensurate gain to the workers.

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### Dispelling a "Smoke Screen"

WHEN the New York State Industrial Survey Commission was created by the 1926 legislature, it was pointed out in this REVIEW (December, 1926, p. 282) that this action was a subterfuge engineered by opponents of labor legislation, framed up by Mark Daly, lobbyist for Associated Industries, and put through by a reactionary Republican majority. The declaration was made that the "investigation" would bear watching.

Recently, this Survey Commission, through Assemblyman Cornaire, its counsel, gave wide publicity to charges that it had found evidence of fraud in connection with claims administered by the State Workmen's Compensation Bureau, and that such alleged frauds had cost hundreds of thousands of dollars and were going to "startle the nation."

Whereupon Governor Smith appointed Professor Lindsay Rogers of Columbia University as a commissioner under the Moreland act to investigate these charges. The Governor said he wanted all the facts brought out, and expressed his belief that "Assemblyman Cornaire is attempting to set up a smoke screen in order to block all progressive labor legislation having to do with workmen's compensation offered at this session."

Before Commissioner Rogers, Assemblyman Cornaire entered a lame denial



that he was responsible for the sensational charges. He said his statements had been grossly exaggerated by the newspapers. He had no evidence of serious irregularities in compensation cases. Testimony of insurance company representatives is tersely summed up in a headline in *The Weekly Underwriter*: "Company Managers Testify Supposed Fraud in Handling New York Compensation Claims Only a Myth."

As this REVIEW goes to press, Commissioner Rogers' inquiry is still under way, but already the "charges" against workmen's compensation administration brought by reactionary Republican politicians have fallen flat on the witness stand.



—Courtesy Weekly Underwriter

#### As Tested by the Professor

Professor Lindsay Rogers of Columbia University was appointed by Governor Smith as commissioner under the Moreland act to investigate sensational charges of "frauds" under the workmen's compensation law of New York. By admission of those responsible for the charges, there was no evidence to warrant them. Testimony on the witness stand supports Governor Smith's characterization of this attack on the administration of the workmen's compensation law as a politician's "smoke screen."

# Labor Legislation and The Business Mind

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By SAM A. LEWISOHN

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(EDITOR'S NOTE: As President of the American Association for Labor Legislation, Mr. Lewisohn delivered the following address at the twenty-first annual meeting of the Association at Washington, December 27, 1927, at a session held jointly with the American Economic Association and the American Statistical Association. Mr. Lewisohn's long association with problems of business leadership, as vice-president of Miami Copper Company and as chairman of the board of directors of the American Management Association, is reflected in his book "The New Leadership in Industry." This address presents his mature conclusions with respect to the development of a new attitude among industrial leaders toward reasonable intervention by the state for the protection of the health, safety and efficiency of wage-earners.)

WHEN the government regulates motor traffic, people do not indulge in abstract discussions of the advantages or disadvantages of *laissez faire*, or paternalism. The man on the street realizes that when traffic attains a certain volume, regulation is necessary. Of course, when it is overdone he quite properly feels that it is a nuisance. But even in that case he does not immediately jump to the conclusion that all regulations should be abolished. He can adopt a more or less judicial attitude towards the subject.

It is true, he may often grumble and sometimes he may prove recalcitrant. A certain amount of resistance to regulations is always inevitable. Though in our heart of hearts we may feel the need for such restriction, it is only the most philosophical who do not become irritated at traffic regulations. But in the final analysis we admit that it is essential if for no other reason than "to protect us against the other fellow."

Even if we are at first opposed, in time the stage is reached where we cooperate and regulate ourselves. The regulation becomes a conventional part of the routine of our lives. This is true of many other problems of regulation which have been solved by first getting those who were to be the subject of regulation to regulate themselves, leaving the force of law to control the socially mal-adjusted minority.

Does this perhaps suggest a new method of attacking the prob-

lem of social and labor legislation? Can we prepare the minds of the executives of the future to look upon such legislation as an incident of our industrial progress, just as necessary as traffic regulation? Certainly the psychological situation is more propitious than in the past.

The background of our social legislation of the future is a different background from that of the past century. In the past social legislation was imperative to prevent early nineteenth century economic savagery from destroying the very social system it had created. To realize the philosophy which social legislation combatted it is only necessary to quote from the apologists for the economic practices of the eighteenth and the early nineteenth century.

A desire to enforce the industry of the working people led Josiah Tucker, in 1750, to conclude that "if the price of labor is continually beat down, it is greatly for the public good."<sup>1</sup>

A writer named Mandeville said in 1714: "It would be easier, where property was well secured, to live without money than without poor, \* \* \* who, as they ought to be kept from starving, so they should receive nothing worth saving."

"\* \* \* to make society happy, it is necessary that great numbers should be wretched as well as poor."<sup>2</sup>

Arthur Young said in 1771: "Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious—they must be in poverty or they will not work."

John Weylord said in 1807: "The lowest orders should endure a state bordering on want in order that a necessity may exist for their labor."

The spirit of even an earlier time is illustrated by a patent granted to two gentlemen in 1678 for "a new spinning engine," one of the chief advantages claimed for it being that by means of it a child of three or four years of age may do as much as a child seven or eight years old.

A writer on the "Management of the Poor" writes in 1767: "Whenever either the legislature or private persons employ their care about the children of the poor the principal part of their plan should be to inure them to the lowest and most early labor."

There may be a small minority of industrialists who still cherish such beliefs but surely it is the lunatic fringe. There are still labor

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<sup>1</sup> Furniss, "The Position of the Laborer in a System of Nationalism," p. 132.

<sup>2</sup> Tawney, "Religion and the Rise of Capitalism," p. 190.



grumblers among industrialists but no one would openly dare avow such a philosophy as that contained in the excerpts I have quoted. It is not necessary to be a Pollyanna to realize the enormous advance in enlightenment in the industrial world. In bringing about this change in attitude, social legislation itself has of course played its part, by accustoming people to experiments in social control that did not prove as dire in their results as predicted.

Thus not only did social legislation during the "dark ages" of our economic history play its part in mitigating the inhumanities of that era, but it also had a distinct educational effect both upon the public and the industrialists. When a policy which has the merit of being inherently reasonable becomes *fait accompli*, it soon reaches the stage of being part of the accepted order, and many of those who resisted it most bitterly become converted to its reasonableness.

Now what of the future? I am assuming of course that despite the continuous advance in enlightenment to be expected of industrial leaders and executives social legislation of various types will be needed for many generations to come. It would probably be needed in a socialistic economy as much as in a capitalistic economy to protect the worker against the executive temperament eager for immediate results and disregarding of long-time social considerations. Experience in Soviet Russia indicates that the temperament of the industrial executive is much the same everywhere. Unfairness to the worker is not solely due to economic causes but in a degree to administrative impatience. Taking for granted the need for social legislation and an increase in enlightenment of the employing public, we are faced with the following situation. On the one hand, despite this increase in enlightenment a large portion of industrialists still give only grudging assent to such legislation. On the other hand, the sounder social point of view of an increasingly larger section of the employing public indicates that a different type of appeal is possible from that in former times. This suggests a new type of approach on the part of those interested in establishing a sane program for the future.

During the early nineteenth century the very harshness of the employer towards his employees made for fanaticism. Such a quality was pardonable during this period on the part of those who promoted remedial legislation. Unfortunately this fanaticism has persisted to an extent which is inappropriate to this age. Devoted

reformers, as part of their eagerness for progress, have tended to adopt a schoolmaster attitude towards recalcitrant business men. This attitude on the part of reformers has only accentuated the tendency of business men to view labor legislation as a schoolboy would look upon rules that limited his freedom. Thus we have had two camps of extremists, and an entirely too small a group adopting a progressive "middle of the road" policy. At the one extreme were the social fanatics, at the other were a group of men active in industrial life who were realistic in their thinking on other subjects but who were mentally crippled when they came to a consideration of this particular question. We have all seen men with this labor blind spot. The point to remember is that part of the resistance in the past of the industrial executive to labor legislation has been his class consciousness. There is evidence that it may be possible to break down this conventional class prejudice. The executive is more and more becoming conscious of his functions as an organizer or "organization conscious." The point I wish to make is that it is possible that this process may be accelerated. By a properly directed effort a much greater proportion of executives may become as much interested in regulating industry with respect to labor conditions as the automobilists have become interested in regulations with respect to traffic conditions. They may come to realize that such legislation is as much a corollary of a fast moving capitalism as traffic regulation is of a fast moving traffic.

There has been a great cleavage between the doers of society and the thinkers—between the business man on the one side and on the other side those who are primarily interested in preventing the abuses which creep up in any society.

In the past an appreciation of the necessity of social legislation was present chiefly in the minds of the thinkers—independent scholars, social workers, some more forward looking labor leaders, and the more enlightened among the publicists. In the future the task ahead of us is to try to educate the business man of to-morrow to appreciate the place of such legislation in our industrial system. There is necessity of bringing some understanding between these two groups—of finding a common ground for the two divergent points of view upon the industrial problem. The business man has already been educated to an appreciation of the necessity of certain types of legal restriction, such as railroad regulation and trade

regulation. From a rational point of view it is hard to see why the great majority of business men should not cooperate in sane labor regulation. It should be possible to convince the industrial executive that the well being of labor is part of the success of the industrial game as a whole. Certain regulations may temporarily depress the profits of some individual manufacturers, such as any type of accepted regulation does, but to manufacturers as a group such legislation is helpful.

It does not require any prolonged analysis to prove that a working population with a fair amount of leisure and with a fair amount of protection, economic and physical, is the sort of working population that constitutes the most favorable background for active and prosperous business both in production and distribution. Certainly it does in this country. It is almost a platitude to suggest that the working man is a large fraction of the consuming public. He is the human unit of our productive and consuming processes. Therefore business men playing their part in the great industrial bridge game should welcome a healthy industrial unit. Obviously sane standards protect and enhance consumer purchasing power among 35,000,000 wage-earners. Our high productivity has made possible such standards and makes a healthy consuming public economically important.

Aside from any broader social considerations, in this case generosity is the best business policy.

But though this should be plain to all business men and though we have gone a long way from the eighteenth century attitude in these matters, there are still ghosts of the past that hover in the background and which hamper more rapid progress. The distinguished chief justice of the Court of Appeals in New York State in the course of an interesting series of lectures made reference to legal concepts that become tyrants. This is just as true of economic concepts. Though in their cruder forms these eighteenth century concepts that I have referred to earlier have vanished from the consciousness of industrialists, they still persist in the unconscious of too many.

The obstacles to securing the co-operation of manufacturing leaders to social legislation are thus not merely those arising from selfishness. Often they are a heritage of prejudices—prejudices founded on a mistaken philosophy and approach to the whole labor problem. Therefore we must form mental and emotional habits



in the business men of the future that are of a different pattern from those of the past. One way of preventing this prejudice in the next generation of business men is by the proper preparation of their minds when those minds are still flexible.

I am not suggesting that we can hope to do without economic and social pressures, but it would seem possible to have at least a larger proportion of the individuals composing our management group prepared intellectually and emotionally to accept with a minimum of pressure such necessary control. Modern psychology has impressed us more vividly than ever with the truth of the somewhat hackneyed saying that "the child is father to the man." It may therefore be worth while to inquire how early in the educational process it is advisable to lay the foundation for an appreciation of these social controls. For example, aside from what is being done in these matters at colleges and professional schools, it may be most useful to give some background in the history and philosophy of Labor Legislation to students at high schools, particularly commercial high schools, and perhaps even to children in elementary schools.

Now I appreciate that off-hand this suggestion may sound rather bizarre and far-fetched. It should, however, be kept in mind that many still come up from the ranks to executive positions. These very men are the ones usually the most impenetrable to any ideas of the need of social progress and their cynicism in these matters is most pervasive in its influence. They boast of the usefulness of hardships. This is no place to expand the suggestion, but to indicate one method of impressing the student it could perhaps be explained to school children that as future officers and privates in the industrial ranks they will be affected by labor legislation. I would raise the question whether it is not possible through initial education to embed in the directing minds—the business energy of the future—the need of social legislation. Trained to understand the significance of labor legislation and to look upon it with an open mind, the advice in such matters of the business man of the future may be sought. He may exercise a constructive influence welcoming sound measures and curbing unsound ones. It is just possible that our educators, if sufficiently enterprising, may be able to mold a business mind that is at the same time more social and more realistic.

As I have pointed out, the motorist has been educated to see the entire traffic problem in a wide enough perspective to curb his natural instincts to get there. As an instance of the successful inculcation of social behavior it is amazing to see how universally scrupulous the unsentimental motorist has become about observing traffic regulations even where he is not watched, and I see no reason why a business mind cannot be formed which will give unbiased consideration to necessary regulations. It is needless to say that I am not suggesting that any attempt be made to inculcate any particular program. Such an attempt would be fatal, as there must be no suspicion in these matters of propaganda. But it has been found possible to teach civics without incurring this risk. What is essential is to implant an open-minded perspective on the problem—an appreciation that legislation is a logical part of the industrial edifice.

The class struggles of the past have unfortunately made us look at the labor problem as if it were in a separate department from other management problems. We are beginning to see now that it is far from realistic to persist in this simplification. Though it has important sociological aspects, the soundest course is to have it visualized as part and parcel of other management problems. The tendency to keep all labor problems in a water-tight, emotional and intellectual compartment has been most unhealthy and it can well be counteracted in any attempt to teach such labor legislation. Of course this is in keeping with the modern pedagogical tendencies to frame the content and method of educational programs in such a way as to avoid building up disassociated compartments in students' minds. The consequence of the policy of educational separatism of the past was to foster a tendency on the part of the student to keep each subject as a separate emotional and intellectual constellation. He was thus left in a state where he was helpless to relate the different fields he had covered. Labor relations must not be taught as if it were an isolated subject for Sunday School discussion. It must be connected up with week-day problems. At our elementary and high schools, and colleges, we go to considerable trouble to teach the defects of our political machinery. Particularly in municipal government, I dare say, a great deal of improvement has been brought about by the appreciation of the problem which has been instilled in the young mind. Whether the subject is badly or well taught, at least they know there is a problem. It

is not only the reformer but also the young man of affairs who gets an idea of the necessity of securing orderly municipal administration as an item in an orderly civilization. Surely it is not necessary to suggest that the economic sphere has become as vital as the political sphere in our modern life. We have made at least an attempt through our educational processes to create a civic mind. Why not a social industrial mind? Certainly in this economic age an appreciation of such a subject as workmen's compensation is as important as a pedantic knowledge of governmental framework. I am not suggesting that the business man of the future can be made by education to initiate such legislation, but only that he can be put in a frame of mind where he will not resist it indiscriminately as he has too often in the past.

Perhaps social legislation as a result of properly preparing business minds at school and college, at professional business and engineering schools, will not meet with the sales resistance it has in the past. As with other forms of regulation, it will become part of the ordinary routine of the business community. It will be taken for granted by the entire industrial hierarchy from foreman to major executives. As I have said elsewhere, labor and social legislation, though an important phase of our civilization, has no force of an affirmative nature. Teamwork cannot be created by decreeing minimum standards. We must depend on the leadership of the employer to supply this teamwork. But though we cannot expect this legislation to do what it is not designed to do, it is an essential part of a well balanced economic system and should be so appreciated by the business minds of the next generation.

As previously pointed out we are fortunately dealing to-day not only with a different economic situation from that in the past but also with a different psychological understanding.

Aside from the business men of the future, there are manifestations within the industry of to-day among men already in active life which gives promise of producing for social legislation allies where once there seemed to be chiefly enemies.

The most important of the new elements in the industrial background is the fact that during the past two decades a real beginning has been made in the professionalizing of business. Many of the younger men are by profession industrial technicians and administrators; who see the operation of industry as a field for the appli-



cation of economic and industrial technique rather than purely personal management.

Almost suddenly a vast literature of management and of labor relations has developed. Young men and women interested in industry now feel it necessary to attend schools of business administration. On the other hand industrial concerns are eagerly seeking the products of collegiate and graduate schools.

It must be evident that as we get a new type of leadership in industry, more intelligent, more aware of the profound economic problems, we can bring other factors to bear besides social pressure. Of particular importance is the greater technical knowledge of modern executives, enabling them to appreciate economies and advantages that would defy the older type because requiring more patient analysis. Their broad background and training gives them a keener intuition concerning the intangibles that play so great a part in industrial efficiency and harmony.

In the program of promoting social legislation we should take cognizance of this new type of leadership. We must find a way of arousing a feeling of cooperation where once only hostility prevailed.

Of course, the subject should not be presented to the business man of to-day or to-morrow as if it were a matter of extravagant idealism. It should be treated as part of the necessary routine of industrial activities. Both the student and the business man should be made to take it for granted as a logical supplement of the management process. In the presentation of the subject there should be no atmosphere of moral pretentiousness thrown about it—no air of religious glamor. For there is nothing that the ordinary sturdy man in active life, particularly in this country, hesitates so much in doing as something that gives him the appearance of being ethically priggish. The average vigorous industrial executive is not so different from a schoolboy in this respect. In socializing the business energy of the future its problems must be treated as professional and not moral problems. All matters having to do with labor problems should therefore be pitched in the key that will make it appear as part of the sensible and ordinary manners of our times. The passion for systematic management which comes naturally to business men in this country can be broadened to include a belief in labor legislation. It should be made part of his management consciousness.

As concrete examples of how we may effectively approach exe-

cutives, there is a great deal more room for demonstrations of the economic and business value of most of the restrictions insisted upon. The trained executive, familiar with the experiments in the physiology of fatigue and the varying lengths of the working day, does not need as much urging as formerly of the fact that the long working day is an anachronism.

To sum up the situation :

There is still too large a group of industrialists who regard social legislation as a piece of fussy priggery. On the other hand there has been a gradual increase in enlightenment since the close of the eighteenth century and the economic and psychological situation seems promising for the creation of a different attitude. To accelerate this process two complementary courses are open, the one to educate the embryo business man at school and university and professional institute, to an appreciation of the place of social legislation in our industrial structure ; the second to cultivate and develop the newer type of business executive already in active life whose mind is ready for a broader social point of view.

In taking part in this educational process, those interested in labor legislation should not permit the obstacles which they have met in the past to leave them with a precipitate of bitterness which will impair their influence with business minds ripe for a new attitude. It is true of course that they cannot afford to relax their watchfulness. They have the difficult role to play on the one hand of opposing any impairment of minimum standards under the cloak of friendship and at the same time of encouraging any tendency on the part of the more modern employers to cooperate in securing and maintaining proper standards.

In view of the dynamic quality of our business life, it is the part of wisdom to appreciate that the most rapid progress can be made by securing the cooperation of the business mind of the future to our social programs. If our capitalistic system is to achieve a real success some means must be found of bridging the gap between the social reformer and the business man.



# Tragedy in Homes of Injured Workers While Congress Neglects to Provide Accident Compensation

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Association's Continuing Survey in District of Columbia  
Shows Serious Distress and Deprivation Among  
the Victims of Industrial Accidents

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By MARGARETT A. JAMES

*Washington Representative, American Association for Labor  
Legislation*

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MEN maimed for life while at their work almost under the shadow of the Capitol dome, but receiving not a cent of compensation; widows defrauded of their just dues by shyster lawyers; families running hopelessly in debt for the necessities of life while court action proceeds at a snail's pace; children's schooling prematurely stopped because of the family's urgent need; failure to adopt the simplest safety precautions and devices because no pressure exists to make it worth while—such are some of the incidents encountered in a recent study of industrial accidents in the District of Columbia by the American Association for Labor Legislation.

Aside from five Southern states, the District of Columbia remains the black spot on the workmen's compensation map. Sixty to a hundred thousand employees of private business in the District still lack this protection. Legislation in Congress has now been hanging fire for seven years. In an effort to present the facts and show the human situation existing while Congress delays, the American Association for Labor Legislation has resumed a field investigation of work accidents in the District, continuing and supplementing a similar study carried on in 1923-24.

In the past fortnight seventy-one recent cases of industrial accidents have been examined. Not a large building goes up in Washington without taking its toll of lives. Drivers and elevator operators, laundry workers and electricians and bakers have all been dis-

covered who have fallen victims to the little-thought-of hazards of their work. Several woodworking plants, one or two on Capitol Hill, show a frequent occurrence of cuts and infections with sometimes a loss of fingers in the saws and serious eye injuries from bursting emery wheels. Painters not only run the risk of falls from ladders and breaking scaffolds, printers are not only exposed to heavy and swift-moving machinery—these two numerous groups of workmen also face a more insidious danger, that of occupational lead poisoning. The investigation has already come upon a man of forty-five with a wife and growing family, lying ill with this deadly disease in one of Washington's suburbs. The doctor says that he will never carry on his trade of painter again. Stricken in October he forced himself to work for two months longer before giving up. The sick benefits from his trade union, which can run only a few weeks longer, have been his only income since his disablement.

The catastrophe hazard in an occupation not exposed to ordinary industrial dangers, is illustrated by a report from the local federation of musicians on the results of the Knickerbocker Theater disaster of January 28, 1922, to their members. Six men and one woman were killed outright. Four men were seriously injured, three of whom were able to work after a year or more, but could never secure employment in any of the theaters controlled by the owners of the Knickerbocker. A flute player who lost a finger returned to work by having a special flute made. A French horn player whose arm was torn off has never been able to return to work and is being supported by the union. Suits were brought in all these cases. Three groups of engineers brought in reports for the builders, the lessees of the building and the District, respectively. Each report placed the responsibility differently, and the judge dismissed all the cases.

On summarizing the sixty-one accident cases on hand in which the compensation is known, it is found that fifty-two received absolutely nothing from their employers as compensation for their injuries. One painter received his medical expenses and a large part of his pay from his employer after a fall from a scaffolding. Three men received something—in one case weekly medical expenses—from the liability companies in which their employers were insured. In each instance the trade was strongly organized, and pressure by the business agent on the employer, who in turn undertook special

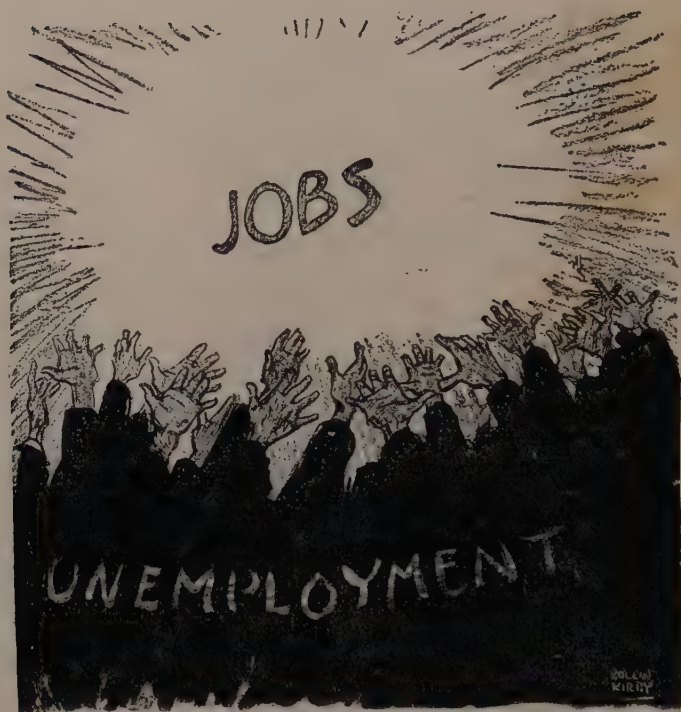


negotiations with the liability company, was a large factor in securing payments.

Among this group of sixty-one cases there were no less than twenty-one suits for damages. Thirteen of these—necessarily under the rules of the common law as there is not even a liability statute for the District of Columbia—were unsuccessful, and three had not been settled at the time of investigation, as it often takes two years or more for a damage suit to go through the courts. Three verdicts had been secured, only one of which bore any reasonable relation to the losses sustained.

It is customary for lawyers to take this class of damage suits on a speculative basis, receiving a third of any damages secured, and, to speak mildly, an undesirable type of attorney is often attracted to such cases. In one of the two out-of-court settlements recorded, the lawyer for the liability company induced the widow of a man, killed in an elevator accident through a violation of rules by fellow-employees, to let him represent her, thus freeing the insurance company from liability. He then kept postponing the case, stating that the longer he delayed, the more favorable the verdict would probably be. Finally, on Christmas Eve, he went to the widow with a check for \$1,500. Her son was out of a job, her married daughter could not help, her younger daughter had had to leave school and go to work. She accepted the settlement, of which the lawyer took his \$500.

Long arguments are not necessary. It is already evident even on incomplete investigation that a situation in which perhaps five-sixths of the workmen seriously injured at work receive no compensation, which fills the courts with law-suits, and encourages the worst elements of the legal profession, should be speedily changed. The District of Columbia needs an adequate workmen's compensation law. The only way to get it is by act of Congress.



—New York World

### Jobs for the Jobless

Governor Smith's recent action in speeding up public works to combat unemployment in New York State—to provide useful work for jobless workers—was hailed appreciatively by the *World* in the above cartoon which effectively suggests that what is needed to dispel the darkness of unemployment is the sunlight of jobs.

# Increasing Unemployment Calls For Adoption of Constructive Program of Relief and Prevention

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By JOHN B. ANDREWS

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**W**IDESPREAD unemployment has again appeared. Once more this country, slow to adopt urgently needed, permanent measures of **prevention**, is faced with the problem of **relief** for thousands of jobless workers.

The decline in the volume of employment is already serious enough to call for immediate public action to combat and if possible avert the worse consequences of an acute depression. If foresight instead of hindsight is to prevail, the time has come to adopt a well considered program for the prevention as well as for the relief of unemployment.

Signs of a downward trend of employment have been multiplying during recent months.

The Labor Bureau, Inc., estimates that 4,000,000 workers are at present out of work.

The United States Bureau of Labor Statistics shows that for the country at large in 1927 employment in manufacturing dropped to a point lower than for any year since 1914 except 1921, a year of acute depression, and 10 per cent lower than in 1923.

Figures of the Federal Reserve Board indicate a drop of 3.4 per cent in manufacturing employment during the year 1927.

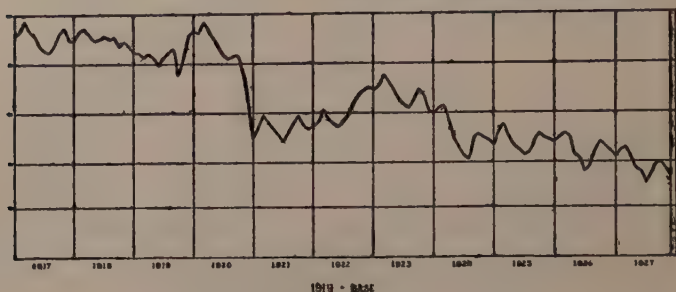
The National Industrial Conference Board reports a similar downward trend of employment in twenty-five industries throughout 1927.

The American Federation of Labor on February 26 reported that increased unemployment is shown by statistics from local unions in leading industrial cities. It states that "the average unemployment in these twenty-three cities is over one-sixth of the workers represented by these unions."

The Metropolitan Life Insurance Company has found that in three hundred American manufacturing establishments fewer employees voluntarily quit their jobs during the past year than during the worst periods even of the depression of 1924 and of 1921.

## N.Y.C. FACTORY EMPLOYMENT INDEX

NY STATE LABOR DEPARTMENT



### A New Low Level of Employment

The above chart, prepared by the American Association for Labor Legislation from official New York State statistics, shows the trend of factory employment in New York City from 1917 to the beginning of 1928. It shows a new low level of employment in 1927—lower even than that of the depression year of 1921—with indication of a still further decline.

From the New York investment banker, S. W. Straus, comes the information that employment in the building crafts at the end of 1927 was about 12 per cent less than that prevailing at the close of 1926.

In a report to the Governor, February 19, the New York State Industrial Commissioner, as a result of a special survey, states that unemployment is extensive and that it has already resulted in serious distress. "One has to go back to 1921," he declared, "to find an employment situation rivaling the present."

In New York City, according to official state statistics, the volume of employment in manufacturing dropped to a lower point in 1927 than in the previous low years of 1914, 1921 and 1924.

Similar evidence is found in Help Wanted advertisements, which are regarded as a significant gauge of employment conditions. The New York *World* carries more advertising of this nature by far than all other newspapers in the city. The American Association for Labor Legislation has made a chart indicating the trend of Help Wanted ads in the *World* from 1917 to 1928. This shows graphically that the demand by employers for help has fallen off to a point nearly as low as the low point in the severe depression of 1921.

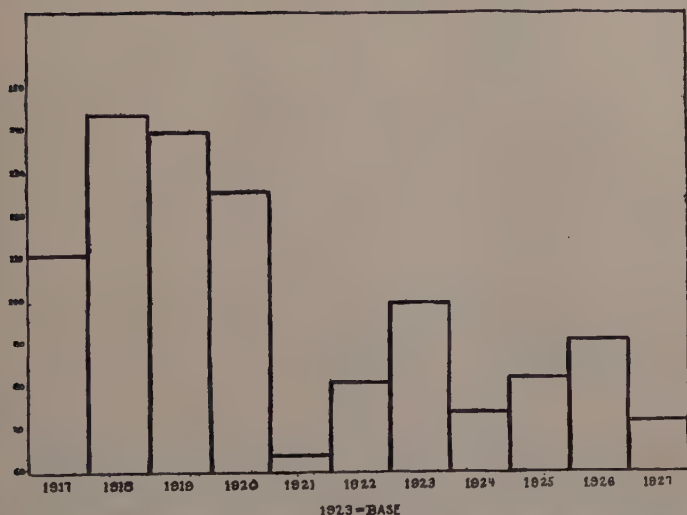
This fact supplements the data on decreasing employment in



## HELP WANTED ADS

## N.Y. WORLD

MALE AND FEMALE



—Prepared by Margaret D. Meyer, American Association for Labor Legislation

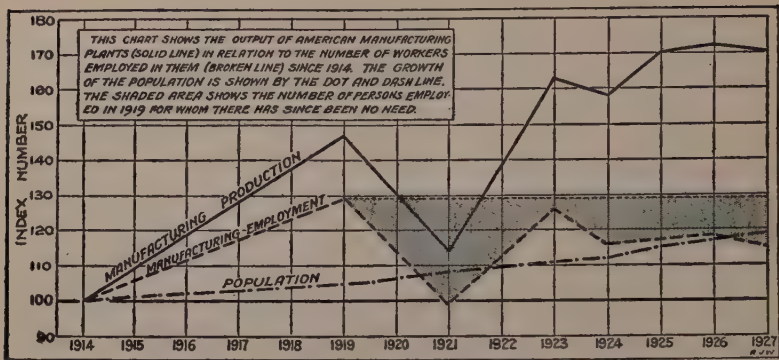
## An Index to Local Demand for Workers

The above chart, prepared by the American Association for Labor Legislation from a study of Help Wanted advertisements in the *New York World* from 1917 to 1928, shows that the demand by employers for help has fallen off to a point nearly as low as the low point in the severe depression of 1921. Help Wanted ads are a significant gauge of local employment conditions, particularly since they include demands for domestic and clerical, or "white collar" workers, in addition to factory employees.

manufacturing and construction, since Help Wanted ads deal also with domestic and clerical or "white collar" workers. The New York Reserve Bank reports that wholesale trade was 5 per cent less in volume for December than a year before, and employment 7 per cent lower.

In other years widespread apprehension has been aroused by a decrease of employment as marked as the present decline. Why not now? The explanation appears to lie in the fact that the present increase of unemployment has taken place while at the same time much business has been booming.

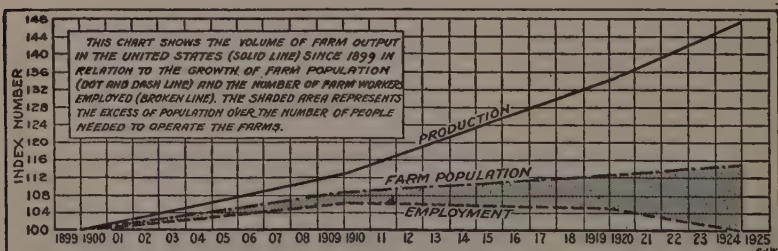
During recent years, with the remarkable improvement in man-



—New York Times

### Industry Is Producing More Goods With Fewer Workers

The above chart, from an article in the *New York Times* entitled "March of the Machine Makes Idle Hands" by Evans Clark, graphically indicates the new "technological" unemployment due to the increasing introduction of labor-saving methods and machinery. "The solid line traces the swelling volume of factory production advancing, in spite of the severe setback of 1921 and the slight decline of 1924, to the record heights of the past three years. The broken line shows the changing tide of employment—reaching its high mark in 1919 and actually falling off since then, with a slight recovery in the busy years of 1922 to 1923. \* \* \* Last year our factories produced 16 per cent more than they did eight years ago, with 11 per cent fewer workers. Even in five years the change is marked. Last year we produced 4 per cent more than in 1923 with a labor force reduced by 9 per cent."



—New York Times

### Farms, as Well as Industries, Show Greater Output With Fewer Workers

The above chart indicates that farming is not absorbing workers who are being displaced by machines in industry, as has been suggested. The unemployment problem on the farms is similar to that in the industries. Figures compiled by the National Industrial Conference Board show that since 1909-10 the nation's agricultural output has grown 28 per cent but that the increased volume of crops is now being produced with 6 per cent fewer workers on the farms.

agement methods and in the increase in the use of labor-saving machinery, more goods have been produced by fewer workers.

The United States Department of Commerce in the census of manufactures for 1925 shows that the simultaneous increase in production and decrease in the number employed since the war is largely due to the greatly increased production per employee—nearly 50 per cent increase between 1899 and 1925. The expansion in output per person has been particularly large during recent years, amounting to 10 per cent in the two years from 1923 to 1925 and to 40 per cent in the six years 1919 to 1925.

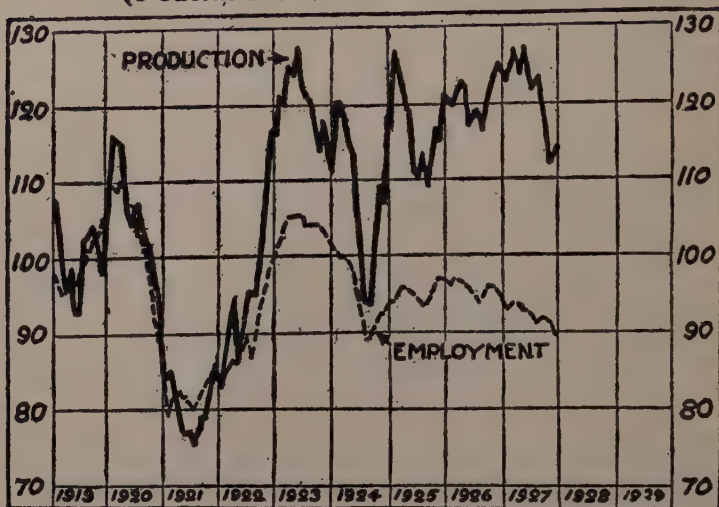
Under the leadership of Secretary Hoover our trade associations have stimulated the cutting out of industrial waste until we manufacture faster and more automatically, with less demand for labor. To the displacement by labor-saving machinery has been added displacement by scientific management, mass production, and high pressure methods. Our manufacturing industries, while producing more and more, now use hundreds of thousands fewer workmen than they used five years ago.

Perhaps some progress has been made in lessening the swing of the industrial cycle, but we are apparently now getting another form of unemployment growing out of rapid introduction of labor-saving machinery, technical improvements in production and falling prices.

Statements are frequently made that many of the displaced factory workers have been reabsorbed into other lines—such as retailing, automobile repair work, taxi driving and what not. The Labor Bureau's estimate of 4,000,000 unemployed, however, does make allowance for some shifting in employment and for expansion of the professions. It is not likely that complete reabsorption has by any means taken place.

The increasing displacement of workers by machines adds to the need for a remedy for unemployment. The seriousness of this new factor has been stressed in annual reports by Secretary of Labor Davis. The duty to stabilize employment is forcibly indicated by Secretary of Commerce Hoover, who says: "There is, to my mind, no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life with numbers, willing and anxious to work, deprived of those necessities. It simply cannot be if our moral and economic system is to survive."

## Production and Employment in United States, 1919-1927 (Federal Reserve Board: 1919-100)



—Courtesy National City Bank

### The Widening Gap Between Production and Employment

The above chart showing the trend of production and of employment from official figures of the Federal Reserve Board strikingly reveals the "new" unemployment with production of goods increasing and the number of workers employed decreasing.

The public has not been conscious of the seriousness of unemployment except to think of it in terms of the thousands of men out of work as a result of the labor dispute in the bituminous coal industry and additional thousands of idle men and women in the textile industry of New England which is hard pressed by general undercutting on the part of rival textile manufacturers in the new industrial South.

Doubtless, too, the mildness of the present winter has spared many jobless persons from acute distress that would have given rise to publicity.

By February, however, the pressure on relief agencies in New York City had become so great that a conference on unemployment was called by the Welfare Council. Representatives of about one hundred local social agencies participated in this conference on February 7. Reports of employment and welfare agencies were



summed up by William Hodson, executive director of the Welfare Council, showing a striking increase in the need for assistance from individuals and families as a result of unemployment. The downward trend of employment and the urgent need of adopting constructive measures of relief and prevention of unemployment were discussed by the secretary of the American Association for Labor Legislation who pointed out that one of the most important steps to be taken to combat and if possible avert the worse consequences of an acute depression is adoption by Congress of the Jones bill to create a "prosperity reserve" of \$150,000,000 available for public works when serious unemployment appears,<sup>1</sup> and similar use by states and cities of public works to "take up the slack" in general employment.

It was announced at the conference that Governor Smith had just requested the State Industrial Commissioner, James A. Hamilton, to make a survey of unemployment conditions at once, with a view to arranging the state's public works program so as to aid in providing immediate employment,<sup>2</sup> and had asked that a committee representative of local public and private social service agencies be appointed to cooperate in the survey. The conference resolved that a permanent representative Committee on Unemployment be appointed by the Welfare Council "to study further the present unemployment conditions, to make plans for action to relieve the present emergency situation, to cooperate with the New York State Commissioner of Labor, to consider any other steps recommended at this meeting and to take steps of prevention for future similar situations."

The Conference also adopted resolutions approving the Jones "Prosperity Reserve" bill, and embodying recommendations made by Bailey B. Burritt, general secretary of the Association for Improving Conditions of the Poor, as follows:

That the Committee on Unemployment call upon the Mayor to ask the respective Chambers of Commerce of the five boroughs of New York City and representatives of all industry in New York to find means of increasing employment in this city by at least 5 per cent during the next two months;

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<sup>1</sup> See page 77 of this REVIEW, "Prosperity Reserve of Public Works Needed to Combat Unemployment," by Otto T. Mallery.

<sup>2</sup> For subsequent action by Governor Smith to combat unemployment through public works, see page 75 of this REVIEW.

Call upon the Mayor to advance public construction work for which appropriations are already made;

Call upon the Mayor and the Board of Estimate and Apportionment to consider making available at once a sum not less than \$1,000,000 to undertake street improvements, not now contemplated that can immediately be started;

Call upon the legislature and the Governor to prepare plans for permanent measures of prevention, strengthening the present inadequately supported state employment bureaus and the consideration of the practicability of unemployment compensation in New York State;

Call upon private citizens to increase by 10 per cent the volume of donations to family welfare organizations and other social service organizations dealing in any way with relief problems affecting unemployment, in order that they may deal more adequately with the present increased load placed upon them.

This action by the New York City conference is a significant confirmation of the principles of public action set forth in the "Standard Recommendations for the Relief and Prevention of Unemployment" advanced by the Association for Labor Legislation.<sup>3</sup> These recommendations grew out of an investigation by the Association of the unemployment crisis of 1914-15 and represent the mature conclusions of more than 300 organizations and individuals in close touch with unemployment problems in 115 different communities throughout the country. A second survey by the Association during the depression of 1921, and the report of the President's Conference on Unemployment later that year, fully confirmed the practical value of these recommendations. They point out what should be avoided as well as what should be done.

Now that serious unemployment and consequent bread lines are again a matter of first-page news, the question is being asked: "Why have the constructive 'standard recommendations'—reinforced as they were by the President's Conference on Unemployment in 1921 under the chairmanship of Secretary Hoover—been neglected at Washington and the state capitols during the past seven years of Prosperity?"

A contributing factor has been the consistent policy of the national Administration not to admit the existence of anything but Prosperity. Even so recently as February 29, a Washington dispatch in the *New York Times*, headed "No Business Slump Is Seen

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<sup>3</sup> Copies of the "Standard Recommendations" in pamphlet form may be obtained from the American Association for Labor Legislation, 131 East 23rd St., New York City.

By Coolidge," states that "the President's reports show that business has shown no falling off such as to indicate a lack of prosperity." Commenting on the exceedingly optimistic forecasts issued by prominent government officials, a writer in the *New York Times Annalist*, says: "There is no particular gain in trying to close one's eyes to large and significant business facts, and it seems to this writer the part of business wisdom to admit the fact of a present recession of considerable magnitude and the necessity of relying upon something more substantial than hope by way of remedy."

The Administration—through its most eminent spokesmen—has persistently fostered the outgrown doctrine of *laissez faire*. Powerful business organizations have joined in the "hands off" propaganda, and have proclaimed that employers, themselves, if let alone, will solve industrial problems. In 1923 the National Industrial Conference Board—a federation of employers' associations—issued a statement to the public declaring there is no need of unemployment insurance legislation in America. Employers, according to this organization, may be trusted to make adequate provisions for their laid-off employees in their own way—"to bear," as it said, "the responsibility of whatever unemployment measures may be adopted, independent of any federal or state legislation." The American Association for Labor Legislation replied through its quarterly REVIEW that it would gladly record the progress of voluntary unemployment insurance as set up by the 300,000 individual employers concerned in the United States. Now, five years later, an independent organization of industrial counselors with an able staff of investigators has painstakingly searched the country over and has found examples of twelve manufacturing companies with establishment funds organized for the primary purpose of affording unemployment relief. Of the dozen, two have abandoned this provision and the remaining ten through their voluntary schemes have an aggregate of fewer than twelve thousand workers eligible to such unemployment benefits. Approximately 70 per cent of the twelve thousand are employed by two firms. With such a meagre showing through "voluntary" action, after five years, is it not clear that universal protection can be secured only through legislation?

In a period ruled by the slogan of "non-interference with business," is it surprising that unemployment compensation legislation has made little headway in state legislatures?

Yet the past seven years of Prosperity have from the business standpoint been favorable to the setting up of reserves for the mitigation, as well as measures for the prevention, of unemployment.

Even now conditions are not so serious as to preclude application of known remedies, some of which are widely accepted in principle, and endorsed unanimously by President Harding's National Conference on Unemployment in 1921. This was a conference largely composed of business men. It urged **increased appropriations for the federal employment service** and endorsed the **long range planning of public works**, in principle, but with support which has not been effective.

The Conference, with Secretary of Commerce Hoover as chairman and Secretary of Labor Davis as a member, found the United States Employment Service "crippled by lack of funds," and urged an appropriation of \$400,000. But the appropriation this year is only half that amount—a decrease from the funds available in 1921.

Throughout the country the public employment service has not only been starved through inadequate appropriations but it has also some times been placed under the direction of political incompetents. Despite this there has been some progress. By constant prodding state laws have been amended little by little and new acts have been adopted until it is now possible to look back over the past seven years and measure gradual progress. The public employment offices which numbered 175 in thirty-five states in 1921—a drop from the maximum of about 850 in early 1919—have now grown again to more than 200 in forty states and the District of Columbia. Meanwhile regulation of private fee-charging agencies has been somewhat strengthened.

Encouraged by the constant preaching of *laissez faire*, however, the managers of private fee-charging employment agencies have organized themselves and raised a national fund to try and break down such state laws as now regulate their activities. They have carried their test case to the United States Supreme Court where they hope an early decision will free them from "interference," and thus leave their well-known abuses unchecked.

The long range planning of public works—in order that the government may more intelligently expand construction activities at times when private industry is slack, and thus stimulate the use of both materials and men—has been barely kept alive as an issue, and



this largely through the public spirited activity of Otto T. Mallery, chairman of the Association for Labor Legislation standing committee on Public Works.

Everybody wants to see employment stabilized in industry. In the past, however, this desire has found insistent expression only in crises, and then public and private energy appeared to be exhausted in providing emergency measures of relief.

What is now urgently needed is constructive action that will help to lessen the severity and the frequency of unemployment crises in the future.



## Governor Smith Speeds Up Public Works As Relief for Unemployed

**W**IDE public interest has been shown in Governor Smith's recent action to combat unemployment in New York State by speeding up public works.

Spurred by the reports of social welfare groups showing serious need among families and individuals as a result of increased unemployment, the Governor early in February asked the State Industrial Commissioner to make a quick survey of the trend of unemployment for his guidance. On February 19 Commissioner Hamilton submitted his report showing that unemployment is worse than at any time since the depression of 1921.

Governor Smith promptly called upon the heads of state departments to speed up all public works undertaken by the state "in an effort to relieve the situation." He also sent copies of the report to mayors of cities and chairmen of county boards of supervisors throughout the state, suggesting that "proper steps with respect to your local improvements be taken" to the same end.

This action, to meet an emergency, is further striking confirmation of the need in all states of *permanent* measures for the long-range advance planning of public works as an aid in stabilizing employment.

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## Bill for "Prosperity Reserve" Now Up to Congress

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SENATOR JONES on January 11 introduced a bill (S. 2475) "to create a prosperity reserve and to stabilize industry and employment by the expansion of public works during periods of unemployment and industrial depression."

The bill authorizes an appropriation of \$150,400,000 "in addition to the amounts normally and usually appropriated" for the following public works: rural post roads (\$75,000,000), river and harbor works (\$50,000,000), flood control (\$10,400,000), and public buildings outside the District of Columbia (\$15,000,000).

"No appropriation," the bill provides, "shall be made pursuant to the authorization contained in the Act until such time as the President finds and communicates to the Congress that the volume, based upon value, of contracts awarded for construction work in the United States, has fallen 20 per centum for a three-month period below the average of the corresponding three-month periods of 1926 and 1927."

Thus, federal public works would be released to help "take up the slack" in employment when positive signs of a recession appeared, as reflected in the important construction industry of the country.

Here, in simple, reasonable form, is incorporated the principle of long-range advance planning of public works, long urged by the American Association for Labor Legislation, by which the federal government can help to stabilize employment.

Congress should pass this bill promptly. Every citizen who wants something constructive done to aid in averting serious unemployment will do a service by writing his Senator and Representative at once urging action on the Jones bill.

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# "Prosperity Reserve" of Public Works Needed To Combat Unemployment

By OTTO T. MALLERY

(EDITOR'S NOTE: Mr. Mallery, who is chairman of the Committee on Public Works of the American Association for Labor Legislation and author of the noteworthy chapter on the long-range planning of public works in "Business Cycles and Unemployment," has for several years taken a leading part in the movement to secure the adoption, in legislation, of the principle of advance planning of public works as an aid in stabilizing employment. In the December number of this REVIEW, Mr. Mallery described the interesting Vienna program of combatting unemployment through public works. In the following brief article he describes the 'Prosperity Reserve' (as embodied in the Jones bill now pending in Congress) and emphasizes the need of adopting this measure for cities and states as well as by the federal government.)

**H**OW can the lessons of the industrial depressions of 1914 and 1921 be applied now to prevent a recurrence of an unemployment crisis?

One of the most important aids to the stabilization of employment—as brought out in two nationwide surveys by the American Association for Labor Legislation and later confirmed by the President's Conference on Unemployment—is the proper planning of public works so that they may be used to "take up the slack" when signs appear of a recession of industrial activity.

Because of the close intermeshing of all industries, if we could really stimulate even one important industry when there are signs of a recession, that would work wonders in livening up the whole economic machine. Is there an ideal industry through which this could be accomplished? If we were to set down in a businesslike way the specifications for such an industry, it would be one which

- (a) Represents a considerable volume of business in itself.
- (b) Is located in practically every community so that all parts of the country would benefit.
- (c) Calls for products from many other industries.
- (d) Could be stimulated at the right time by simple action with the minimum amount of effort.

The ideal industry which meets every one of these logical specifications is the construction of public works.

The construction industry has had an annual volume of seven billion dollars during the past three years, fully one-tenth of the volume of all the country's business. Public works represents between one-fourth and one-third of the total of construction. It is a two-billion-dollar industry in itself and millions of our people are directly or indirectly dependent on it.

Public works construction is not a centralized industry like steel or automobile or cotton textiles; it is an important industry in every community, big or little, urban or rural. The rural county builds highways and institutional buildings; the city builds streets, sewers, water works and public and educational buildings; the state builds highways and highway bridges, drainage systems and public buildings; the federal government builds roads, irrigation systems, river and harbor improvements and more buildings. Wherever there are people there must be public works.

At least twenty-seven other industries are dependent for a good part of their prosperity upon public works construction. Iron and steel, lumber, cement, brick, stone, lime, slate, glass, asphalt, represent only a few of the industries directly connected with public works construction. Probably a third of the railway freight tonnage is of construction materials; large numbers of trucks and other machines are used; and a large proportion of all fuel used is in the production of construction materials.

How can public works be stimulated, at the right time, simply and effectively?

In meeting this question, let us first consider the answers to two parallel questions.

How does the Federal Reserve System stabilize the financial activity of the country? By expanding credit facilities and reducing the cost of money when there are signs of stringency and by contracting facilities and increasing the cost of money when there are signs of inflation.

How do the successful corporations assure for themselves sound financing and resources for expansion and for their security holders dividends at all times? By putting some of their profits each year into surplus and reserves.

That was exactly the reasoning of the National Committee on Unemployment called by Secretary of Commerce Hoover in 1921 to study the serious problems of depression and suggest solutions.



This committee, consisting chiefly of business men and economists, decided that the stimulation of public works was the simplest remedy and that this could be accomplished by setting up a sort of "reserve" of such work for the future, to be ready when needed. This could be done by planning public works projects ahead, by budgeting them, as it were, and by having all the preparedness program ready to go into effect upon short notice. The plan does not require the slow co-ordination of a great many scattered people—each community can act for itself.

**"Prosperity Reserve" is a well planned public works program.**

The basic practical principles of "Prosperity Reserve" are:

- (a) Each community, local, state and federal administration, should set up its own "Prosperity Reserve" program.
- (b) These should, as far as possible, be integrated and synchronized, so that the stimulus of the reserve should become available as and where needed.
- (c) Each community and administration should plan its public work, "budget" it and make up a program adapted to an economic emergency which can be executed at short notice.
- (d) Credit facilities should be arranged for; bonds sold in advance when desirable; plans and specifications drawn up in advance.

We now know more about current business conditions than ever in our history; government experts, bank economists and commercial and trade organizations are cooperating to make our knowledge of things as they really are as accurate as possible. There are many statistical indices which can tell us when a recession is beginning. Probably the best would be the simplest, such as the volume of general construction, which is well known at any given time. When, for example, volume of construction shows a marked decline for three successive months, it would serve as a signal that some of the construction work planned as "prosperity reserve" be started.

Each community could make its own decision, especially if its prosperity depended upon specialized industries which might suffer a recession not marked in other communities or industries.

But under ordinary conditions, such a signal could be given by the President of the United States, upon counsel of his expert advisors. Such a signal should not, of course, be a public announcement of economic emergency, as public psychology has powerful effects on prosperity and depression; it would simply be quiet advice to local authorities that the federal government was releasing its

"prosperity reserve" and that similar action by them would be desirable.

At the last session of Congress a resolution of Senator Pepper, of Pennsylvania, taking the first step toward forming a "prosperity reserve," was favorably reported by the Senate Committee on Commerce, but failed of passage. A new bill has been introduced in the present Congress by Senator Jones (S. 2475) "to create a prosperity reserve and to stabilize industry and employment by the expansion of public works during periods of unemployment and industrial depression."<sup>1</sup> It authorizes the doubling of all public works appropriations whenever the volume of general construction in the United States has fallen 20 per cent over a three-month period, as compared with the average of the corresponding period of 1926 and 1927. It creates a reserve of 150 million dollars for release in the form of public buildings, river and harbor work, federal aid to road building, and flood control. President Coolidge has vigorously urged the principle. Secretary Hoover, in his Annual Report of 1922, wrote as follows:

Sound public policy plainly indicates that a smaller percentage of public work should be undertaken when private industry is active, and a larger percentage in periods of depression, when capital and labor are not fully employed.

Prompt passage of the Jones "Prosperity Reserve" bill is urgently needed as a measure of preparedness against increasing unemployment. Its adoption by the federal government would serve to stimulate similar action by states and cities. Cities in the aggregate do five times as much public work as the federal government. When the principle of long-range advance planning is applied to all public work—city, state and federal—the country will be safeguarded to a great extent against the worst consequences of industrial depressions.

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<sup>1</sup> NOTE: Information concerning the progress of the Jones Bill in Congress will be sent from time to time to those who send in their names and are willing to help.

# The New Unemployment

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By LEO WOLMAN

*The New School for Social Research*

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CURRENT discussion about unemployment is reminiscent of the talk in 1921. There is now just about as much certainty as to the existence of unemployment and as much uncertainty as to its extent as there was then. Evidences of the prevalence of unemployment have come, now as then, from the agencies that are faced with the task of finding relief for the unemployed and that are, consequently, quite sensitive to changes in the number of the unemployed. During the past year, and more particularly during the past months, the demands for unemployment relief have mounted so rapidly as to arouse, for the first time in seven years, genuine public concern.

What makes the present wave of unemployment peculiar, and interesting, is that it is so unexpected. It comes, in other words, after a period of some five years, during which most American, and many foreign, observers had come to the conclusion that American industry had pretty much solved the old problem of business instability. We might, of course, encounter from time to time slight rises in the rate of unemployment but they would be due to highly temporary maladjustments of short duration and as such are not to be taken too seriously.

The corollary to this notion is that what there is of contemporary unemployment is due not to the well-known downward swings of business but to the persistent mechanization of industry with its replacement of men by machinery. Unemployment of this kind is assumed to present different problems from the old, probably because it was accompanied for a time at least, by what looked like a condition of general business prosperity. When, as in the second half of 1923 and much of 1924 or to a more striking degree in the last half of 1927 and early 1928, unemployment seemed to originate in the old causes with a general slowing up of business machinery from retail trade throughout most fields of industrial activity, the argument of mechanization began to lose much of its persuasiveness. It, indeed, began to appear that the lay-off of workers was attribut-

able, first, to constriction of orders for goods, as in the case of the Ford plant or the textile industry or the mining industry or the railroads, and consequently, to the desire of the managers of industry to reduce their working forces to a size, appropriate to their prevailing volume of business. In this period of retrenchment employers naturally look to labor-saving devices, the cutting of wage rates and all like measures that contribute to more efficient operating conditions and lower costs—a state of affairs characteristic of most periods of business recession.

Regarded from this standpoint, and it is a tenable one, business in late 1927 and early 1928 was declining and appears still to be doing so. That this decline is accompanied by the introduction of machinery and the further subdivision of process can by no means be regarded as a mitigating factor in the situation, no more than it is in the course of any business recession. Only in so far as these devices of industrial efficiency contribute to quickening the pulse of business and, hence, to revival can they be regarded as helpful factors. And that, of course, is a highly problematical matter.

Under conditions of this sort, moreover, evidences of business stabilization, that take on a very plausible appearance at the peak of things, begin to lose their force. In the new business situation the needs for economy are met pretty much as they used to be, occasionally by running factories short time and frequently by laying off workers altogether, for a week, month, or permanently. We then have unemployment; the same unemployment that Beveridge in 1911 called the problem of industry. It may now exist in the United States to a lesser extent than, say in 1893 or 1914 or 1921, but it nevertheless does exist and constitutes the same old human and social problem. With all allowance for large financial reserves and family incomes of American workingmen, it requires only a prolonged period of enforced idleness to produce distress and to throw an increasing number on the resources of private and public charity agencies. The recent reports of such institutions the country over are ample testimony to that.

An orderly machinery for handling the problem, such as has in the past decades been set up in nearly all of the industrial countries of the world, has gone by default in the United States. The vaunted efficiencies of American industry are not carried over into public and social affairs. Once the payroll is reduced, the individual worker who is dropped ceases to be the responsibility of either the



industry, to which he was just lately attached, or of the community, in which he is accustomed to find his livelihood. For him the frictions of a disorganized labor market are not minimized. He must, alone and unguided, find his way about in what has come to be a larger and more complicated area of employment. He cannot, as a matter of right and convenience, appeal to a public agency, organized to provide an unemployed worker with nearly as good service as private industry has set up for itself in its elaborate and expensive employment and personnel departments. A system of public employment exchanges, comparable in efficiency with the employment offices of private industry, organized in the interest of social welfare is not even a matter of discussion in this country.

Unemployment insurance, the sole effective and sensible means for alleviating the inevitable distress of the unemployed, and certainly the most effective machinery for learning about the problem, remains suspect in the only country in the world that can really afford to pay for it and the one that is in a position to experiment with its various forms in an intelligent manner. While the spread of compulsory unemployment insurance has continued throughout Europe, little effort has been made by the leaders of American industry to study and understand its operation. The English plan, the first of its kind and the one that has faced the most formidable difficulties, is everywhere in the United States regarded as a failure. Yet Sir William Beveridge, the one person best qualified by judgment and experience to appraise the English experience, wrote in 1927 in these terms:<sup>1</sup> "The main result of recent experience both during and after the war has been to confirm the value of contributory unemployment insurance as a measure of preventing distress through unemployment. In simplicity, generality, flexibility and cheapness of administration it is unsurpassed. The British scheme, put to the test under circumstances of extreme and unnecessary difficulty, has stood the strain with remarkable success."

In this country the social conscience is dulled. The foresight required to lay out a comprehensive program of social reform is preoccupied with other affairs. In common with the leaders of other countries we will probably, when we do act in this matter, make our plans late, when they are most expensive. As Beveridge wrote

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<sup>1</sup> "Unemployment Insurance in the War and After," in *War and Insurance*, Oxford Press, 1927, p. 229.

in his latest survey of the English insurance, "it is about equally important and equally difficult to begin insurance against unemployment before a crisis of unemployment arises." "The history of unemployment insurance in the war \* \* \* only repeats the history of fifty years before the war. A dominating factor in the problem of unemployment has always been the inability or refusal of practical persons to exercise forethought in relation to it, or to realize the inevitability of cyclical fluctuation and the certainty that prosperity will give place to depression."

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"THIS great industrial organism, in nearly every respect so scientific in its working, has a defect which no amount of prosperity should allow us to forget. This marvelous national machinery which produces wealth in greater volume than was ever known before on earth is enormously wasteful in the most precious of all commodities—human life. No other industrial nation produces so many goods as we do, and in no other country are so many men killed and maimed in industry. We have been so busy speeding up this industrial machine of ours that we have turned our backs on the price we have been paying for this in terms of American workers killed or maimed every day in the course of their occupation. \* \* \* Whatever its mechanical wonders, the nation can not continue to be proud of its industry and prosperity while the machinery that produces it kills by preventable accident 63 men a day and annually maims 105,000 more."—SECRETARY OF LABOR JAMES J. DAVIS.

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# Public Employment Bureaus

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## Adequate Appropriations Needed

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By MARGARET D. MEYER

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**I**N 1890 Ohio established five public employment offices. Those were the first in America. Since that time public offices have been established in forty states until at the present time the total number in the country is over 200. If these offices are to serve industry and the worker efficiently by coordinating jobs and men and if they are to act as a check upon the abuses of private fee charging agencies they must be provided with funds sufficient to furnish the necessary equipment and personnel.

Employers applying for help expect from the offices immediate and efficient service. If they want skilled men, for instance, they want them to have been intelligently interviewed—they cannot afford to waste time trying out untrained applicants who have been allowed by the employment agent to respond indiscriminately to any jobs offered.

This means that offices must be well located, they must provide spaces for segregation of various kinds of workers and there must be, above all, well trained directors. But well trained directors mean decent salaries, and good locations mean substantial rents and these cannot be paid out of too meagre appropriations.

Facilities must also be provided for the collection and exchange of information regarding jobs wanted and jobs offered all over the country. "In some ways," said Commissioner James A. Hamilton, at one of the recent conventions of the International Association of Employment Services, "you (public employment officials) are engaged in remedying what is the most inexcusable type of unemployment, namely, that of the man out of work for whom there is work somewhere, but who, when left to his own resources cannot easily, if at all, find that place where employment is open to him." To cope with this phase of the problem which is "easiest to remedy," however, we must have available **employment information**. Until appropriations make this possible on a national scale we will have failed in our efforts. "Employment statistics are vital public neces-

sities and should be considered in that light," said one of the employment officials at the 1926 convention.

The problems of public employment bureaus become increasingly great, of course, as unemployment increases. If among the possible millions now unemployed there are a number who are out of work because of lack of coordination between jobs and workers it is, to say the least, an "inexcusable" thing. That we do not really know how many **actually** are unemployed—that we are merely guessing—is, in itself, a grave indictment of our public employment service. **This information cannot be collected and made available on a national scale, however, unless adequate public funds are provided.**

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### **Wisconsin Acts to Combat Unemployment Through Existing Public Works Law**

**A**N inquiry into unemployment conditions in Wisconsin is called for in a joint resolution unanimously adopted by the legislature at its recent special session.

In 1923 Wisconsin enacted a law—similar to the California act of 1921—providing for the extension of public works in periods of industrial depression and extraordinary unemployment.

The state board of control is required to secure from the various departments and state institutions tentative plans for "such extension of public works of the state as shall be best adapted to supply increased opportunities for advantageous public labor during periods of temporary unemployment." The industrial commission, in cooperation with the immigration commissioner, is directed to keep constantly informed of employment conditions in industry, and to report to the governor whenever extraordinary unemployment exists as a result of industrial depression. At such times the state board of control is authorized to distribute available funds for public works among the state departments and institutions so as to provide "the maximum of public employment, in relief for the existing conditions of extraordinary unemployment, consistent with the most useful, permanent, and economic extension" of such public works.

The present legislature feels that the time has come to set in motion the machinery of this constructive law. It declares that "according to federal and state reports there are many thousands of men and women without work in Wisconsin and many thousands who are working only two and three days a week," and resolves "that the industrial commission shall conduct an inquiry as provided by law and ascertain the status of unemployment conditions throughout the state."



# Stabilization of Employment and Central Bank Policies

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By NORMAN LOMBARD

*Executive Director, The Stable Money Association*

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(EDITOR'S NOTE: At its Vienna meeting in September, 1927, the International Association for Social Progress adopted a resolution on "credit control," noted in this REVIEW for December (p. 369), which recognizes the need of stabilizing the purchasing power of money as an aid in stabilizing employment. This subject has been ably discussed by Henri Fuss, who is quoted in the following article by Mr. Lombard. In the *International Labor Review* for November, 1927, Mr. Fuss has an article on "Money and Unemployment" which also sets forth the conclusion that "a credit policy aiming at the stabilization of the purchasing power of the monetary unit will lead to the disappearance of an important cause of unemployment.")

A RECENT article by Henri Fuss, chief of the unemployment service of the official International Labor Office,<sup>1</sup> has special relevancy at this time, as it points out the intimate relationship existing between the policies of central banks, the purchasing power of monetary units, and the condition of employment in each of the many countries of the world.

The general conclusions set forth by Mr. Fuss are as follows:

"Out of the eleven countries in which the Index Number of wholesale prices was lower at the end of 1925 than at the end of 1924, seven were among those in which unemployment increased during 1925. In two of the four remaining countries unemployment remained at a very high level." In the other two countries other factors proved stronger. "In the countries where the wholesale price Index Number was higher at the end of 1925 this factor had a favorable influence on employment, except in Poland." There the rise in prices was only apparent and Polish business men, being accustomed to convert Polish prices into dollars, were not deceived by appearances and protected themselves accordingly.

"In brief, international trade proved during 1925, as in previous years, to be a secondary factor in the industrial activity in each country and the employment of the workers. \* \* \* A more im-

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<sup>1</sup> "Unemployment in 1925" by Henri Fuss. *International Labor Review*, August, 1926, pp. 203-231.

portant point, because it affects not only export trade, but also domestic markets, is the instability of the general level of prices, or in other words, the instability of the currency. Considerable progress has been made in recent years toward stable exchanges and international parity of prices. But even when such stability and parity have been universally achieved by the restoration in all countries of the gold standard, or the gold exchange standard, it will still be necessary, as was recommended by the International Economic Conference at Genoa, to stabilize the purchasing power of gold itself. The policy followed in this respect by the Federal Reserve System of the United States opens hopeful prospects to other nations. If by this policy stability in the general level of prices could be secured in that country, which alone holds half of the gold reserves of the world, stabilization of the dollar exchange in other countries would *ipso facto* lead to universal stabilization of the price level. This would eliminate one of the chief causes of industrial instability and the resulting unemployment. This article may therefore most appropriately conclude by once more drawing public attention, in the hope that public opinion may in turn influence those in authority, to the fundamental resolution of the Genoa Conference in favor of stabilizing the purchasing power of gold, that is, stabilizing the general level of prices in each country of the world."

Supporting these conclusions an outline is given of "the chief of the primary factors in irregularity of employment which are constantly operative in all countries and can be studied through current statistics, which are changes in the general price level (wholesale price index) and fluctuations in trade."

As to the United States, the author's observations are summarized as follows:

UNITED STATES: The index number of employment of the Federal Reserve Board was 94 in December, 1924; 96 in April, 1925; 93 in July; 97 in December. "The general level of prices was on an average slightly higher in 1925 than in previous years. In 1925 itself the index number remained very steady. \* \* \* The stability of the price level may doubtless be ascribed, in part at any rate, to the credit policy of the Federal Reserve System, which aims at keeping the volume of instruments of payment (currency or credit) proportional to that of production. \* \* \* An excessive expansion of credit was prevented by the rise in the re-discount rate, that of the

New York Federal Reserve Bank having been raised from 3 to 3½ per cent in February, 1925, and to 4 per cent in January, 1926."

Confirmation of the findings of the author as to American conditions have been set forth in articles in the *International Labor Review* for June, 1926, the *Journal of the American Statistical Association* for June, 1925, the AMERICAN LABOR LEGISLATION REVIEW for March, 1926,<sup>2</sup> and elsewhere.

Let it once be publicly recognized by industrial leaders and bankers that the stabilization of our money would work strongly toward the elimination of unemployment—so far as this is due to business instability—and they will regard such stabilization as one fundamental to economic progress and prosperity.

Any safeguard against unemployment is a corresponding insurance of industrial and social soundness and peace. Hence it is proportionately worthy of practical endeavor.

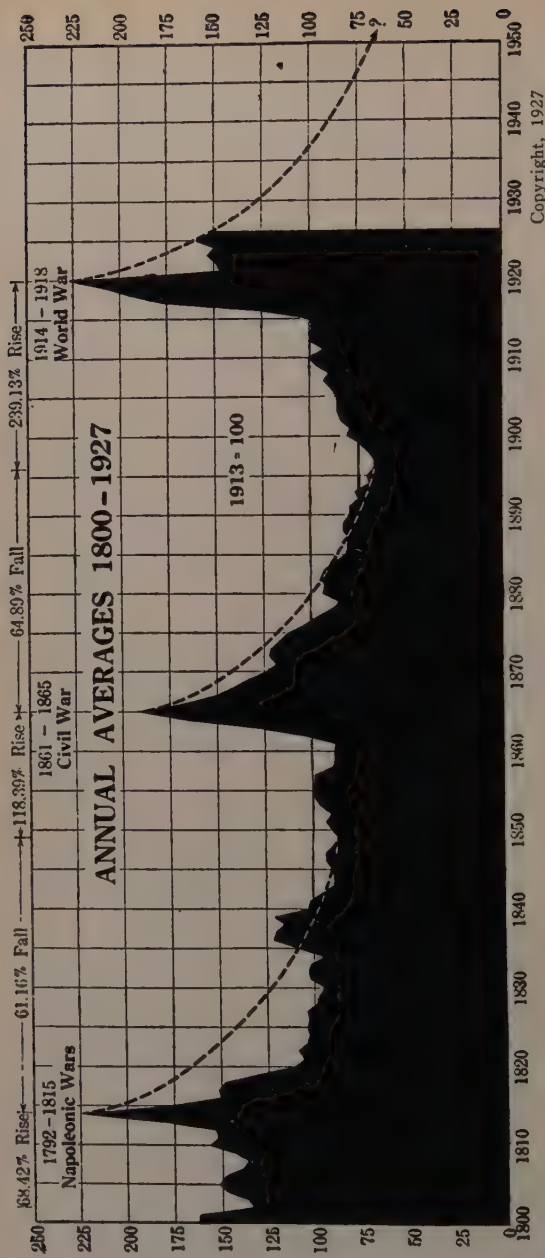
The effort to promote stabilization of employment by scientific credit control is now generally accepted as one means of furthering the desired object. The article by Mr. Fuss here summarized is a most useful study.

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<sup>2</sup> "Banking Policy and Unemployment" by Irving Fisher. *American Labor Legislation Review*, Vol. XVI, No. 1, March, 1926, pp. 24-29.



# Will History Repeat Itself?



“The chart above shows the way the general level of commodity prices at wholesale has fluctuated in times past according to the annual averages of the index of prices of the United States Bureau of Labor Statistics and the way the level of such prices will fall in the future if history is allowed to repeat itself.—This Can Be Prevented!—Let it once be publicly recognized by industrial leaders and bankers that the stabilization of our money would work strongly toward the elimination of unemployment—so far as this is due to business instability—and they will regard such stabilization as one fundamental to economic progress and prosperity.”—NORMAN LOMBARD.



# Labor-saving Machinery and Unemployment

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By JAMES J. DAVIS  
*United States Secretary of Labor*

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(EDITOR'S NOTE: Increasing public attention is shown in the employment problem created by the introduction of labor-saving machinery. Aspects of this problem were set forth by Secretary of Labor Davis in an address before the Los Angeles convention of the American Federation of Labor which included the following comments, with particular reference to the widespread interest in the question whether "the rapid and ceaseless introduction of labor-saving machinery" is going "to load us down with a chronic and steadily increasing unemployment.")

BY the figures supplied me from the Bureau of Labor Statistics, I learn that from our increase in population in the last eight or ten years, it now should take 140 men to supply the needs of the country where 100 could do so. Instead of that, and in spite of our having 20,000,000 more people, the needs of the country are fully supplied with 7 per cent fewer workers than we needed in 1919.

What is the meaning of this? Labor-saving machinery has brought it about. \* \* \* To me this matter is of the gravest importance to every employer and to the country at large. It is true that since the first introduction of machinery into industry this process has been going on.

In times past the man whose place in an industry has been taken by a machine was left to his fate. He wandered as he could, without any help, into other occupations. To-day we can not permit him to suffer distress incident to that period of sometimes painful adjustment.

We ought not to permit it on plain humanitarian grounds. We can not permit it on plain business grounds. The unemployed man produces little or nothing, consumes little or nothing. To himself, to industry, to the country itself, he is not only a loss but a burden.

We lower national prosperity by 7 per cent, if we permit 7 per cent of our workers to pass out of the consuming and buying market.

In a way, whenever a man loses a job, we all lose at the same time. For business reasons we must keep our workers employed.

I believe public opinion will soon expect every employer to regard it as a duty to introduce no new labor-saving machine without seeing to the continued employment of the men thrown out of work by his new machine. Otherwise we do not "save" labor, we waste it.

I believe the inventive genius in which our people are so rich must direct itself into new channels. We go on inventing new machines to speed up the older industries. We must invent new industries altogether—new articles for human use—new employment for the workers needed to produce them. \* \* \*

In my own days in the mill it was often the case when a fellow-worker had reached the age of fifty, he was presented with a gold-headed cane—and was often given, at the same time, a retirement letter. In those days any man of fifty was regarded as "old." It was thought he had outlived his usefulness.

Now I believe the well-nigh universal use of automatic machinery is going to make it possible for the man of seventy to handle these machines as well as a fellow of twenty. With the knowledge, skill and judgment that come with ripened years, the man of sixty or over may even be at a premium, as he should be.

Instead of being a charge on his family, or on the public, he may be what society needs him to be—a producer of wealth, a consumer of products, adding his share to the total of many such shares that we call our national prosperity.

This question of unemployment is, for that matter, ever present. Even in our most prosperous years there are always thousands of workers who, for unavoidable reasons are thrown out of work. \* \* \*

Taken with those who, after years of service in a specific craft, are displaced by new machinery and methods, the problem of the unemployed is one to call for the wisest business statesmanship.



## "The Road to Plenty" and Stabilized Employment

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WE have made progress, by means of the Federal Reserve Board, toward abolishing money panics. Why not create a federal board to aid in abolishing unemployment crises?

The function of the Reserve System is essentially monetary—a means of securing more scientific financing of Production. The proposed board would be concerned with the financing of Consumption—providing consumers with enough money to buy the goods—keeping the balance between production and consumption more nearly steady—creating new credits to stimulate work on useful enterprises including public works, and, as a result, checking violent fluctuations in the volume of employment.

This, in a word, is the proposal set forth in "The Road to Plenty," by William Trufant Foster and Waddill Catchings.<sup>1</sup> This stimulating book is the fourth in a series dealing with the important social and economic problem of business cycles that result in alternating periods of "good" and "bad" times. The earlier volumes are "Money," "Profits," and "Business Without a Buyer." All are publications of the Pollak Foundation for Economic Research. They are the joint product of a well-known educator and business man of large affairs.

"Our Plan," the authors write, "calls for a separate Federal Board, which shall itself gather and measure the data best adapted to show the adequacy of the flow of consumer income, using, however, for its own purposes, the wealth of data gathered by other agencies. Having thus collected the needed information, the Board shall advise the Government how to use it as a guide in all fiscal matters. The Board itself, guided in the same way, shall determine when certain expenditures are to be made, which already have been provided for by Congress, under a **policy of long-range planning of public works**. Thus the Board, both through its own acts and its published reason for its acts, will provide private business with the needed leadership."

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<sup>1</sup>"The Road to Plenty," by William Trufant Foster and Waddill Catchings. Boston, Houghton Mifflin Company, 1928. 231 pp.

The principle of long-range, advance planning of public works as an aid in stabilizing employment—for years an important measure on the program of the American Association for Labor Legislation for the prevention of unemployment—is emphasized by Foster and Catchings as a basic element in their plan for putting more money into consumers' hands when business is falling off, and less money when inflation is under way, and so to maintain Prosperity.

They point out that economists, public officials, employers, and labor have come to recognize the gains that could be made for the taxpayers if governments would not compete for labor and materials at times when both are scarce, and the stabilizing effect on business if such works as have been planned could be built largely when there is a slowing-down of industry.

"Yes," said the Business Man (in the book), "and what are the practical results to date of this remarkable unanimity of opinion? Virtually no results at all."

In "The Road to Plenty" due recognition is given to what is known as the permanent "reserve" of labor; in other words the army of more than a million persons who cannot get work even in boom times. The policy advanced by the authors proposes "to do away with the extremes of business depression and unemployment," but is not expected to reach the "irreducible minimum of unemployment caused by economic changes: decline of old industries, depletion of natural resources, movements of population, and adoption of labor-saving devices." What to do about such permanent unemployment is a problem not taken up by the book, but it may be pointed out here that—as long urged by the Association for Labor Legislation—it calls for the adoption of unemployment insurance.

"The Road to Plenty" is a thought-provoking book, discussing with understanding, "the self-evident truth that any economic system is intolerable which denies to millions of willing workers a chance to work," and presenting in attractive "story" form a concrete proposal for government aid in stabilizing business and employment. It is effectively designed to educate business leaders and public officials, particularly, to the underlying conditions that call urgently for legislative action, including the long-range advance planning of public works.



# Submarines and Coal Mines

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By FREDERICK W. MACKENZIE

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THE tragic sinking of the submarine S-4 in Provincetown harbor in December, with a dark and pitiful death for its crew of more than forty men, shocked the whole country. With the intensity of a deep emotion the public demanded an answer to the question: "Could not this catastrophe have been prevented?"

Newspapers reflected this questioning attitude. Said the *New York Times*:

"May it not be said that the submarine, although greatly improved as a ship of war, seems to be in a state of arrested development as regards the protection of the crew?"

And the *New York Evening World* declared:

"This wealthy nation can well afford to spend any amount of money that will lessen the risks for brave young Americans who man its submarines. Yet we have disaster after disaster, bringing tragic and terrible death at the bottom of the sea, without any apparent progress along the simplest and most obvious lines of prevention."

If there were a similar manifestation of universal public sorrow and stern questioning every time a coal mine blows up killing scores of men at a stroke, there would soon be an end to needless coal mine disasters.

To be suffocated or burned in the darkness under ground is just as terrible as it is to be suffocated or drowned in the darkness under water. And the consequences to the mothers, wives and children of the miners who are killed are frequently devastating.

**In the past six years there have been 71 "major" coal mine explosions in the United States. These explosions killed a total of 1,922 men.**

These figures are shocking. Even more shocking is the fact that mine disasters due to coal dust explosions are **NEEDLESS**. They can be effectively prevented by rock dusting the mine—and at a cost of less than one cent a ton of coal mined. A blanket of rock dust renders the coal dust non-explosive, and smothers an explosion.

What must yet be done to promote safety in submarines may be brought out by congressional investigation. What must be done to prevent coal dust explosions is **already known**. The

use of the rock dust safeguard would soon be required in all bituminous states if public opinion were once aroused over the killing of forty or a hundred miners in a preventable mine explosion as it has been over the sad fate of the crew of the S-4.

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### Again Rock Dust Saves Lives!

**R**OCK dusting bituminous mines to prevent disasters due to coal dust explosions has once more proved its effectiveness in saving human lives.

In the recent mine explosion at Delagua, Colorado, the mine property was considerably damaged and 7 lives were lost. Owing to the fact that the rock dust safeguard was used in this mine, however, the explosion was checked and prevented from extending into the mine workings where 125 additional men were employed. These 125 miners escaped without injury.

In six recent mine explosions, a total of more than 1,900 coal miners owe their lives to rock dust!

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### Roll of Honor of Coal Companies Using Rock Dust to Prevent Coal Dust Explosions

**W**HEN in December, 1922, after calling attention to the increasing toll of lives in coal mine disasters, the American Association for Labor Legislation opened its present campaign for the adoption of preventive measures, it was able to secure from federal and state official sources the names of only three coal companies in the United States and Canada that were using rock dust to prevent coal dust explosions.

As the campaign has progressed during the past five years, the Association has been informed of the installation of rock-dusting methods by at least 244 additional companies. Such companies should be commended for taking the lead in the adoption of this simple, reasonably inexpensive and effective safeguard against disasters.

The full list of coal companies that have equipped one or more of their mines with the rock dust safeguard, or have begun to install it, appears in this REVIEW, for September, 1927, pp. 217-219. Additions to the list, as of March 1, 1928, are as follows:

**GEORGIA**—Durham Coal and Iron Co.

**ILLINOIS**—Saline County Coal Corporation.

**INDIANA**—Vandalia Coal Co.; Vigo Coal Mining Co.

**OHIO**—Ohio and Pennsylvania Coal Co.

**PENNSYLVANIA**—Shannopin Coal Co.

**WYOMING**—Kemmerer Coal Co.; Diamond Coal and Coke Co.;  
The Colony Coal Co.; Blazon Coal Co.; Owl Creek Coal Co.

# Is Further Conclusive Proof Needed That Rock Dusting Is the Remedy for Coal Dust Explosions?

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## Scientists of United States Bureau of Mines Stage Demonstration Coal Dust Explosion No. 1000

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By DEPARTMENT OF COMMERCE, WASHINGTON

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(EDITOR'S NOTE: For the thousandth time the United States Government, at its million-dollar experimental mine, on February 6, demonstrated the practicability of controlling coal dust explosions by the use of rock dust. The Department of Commerce, under Secretary Herbert Hoover, announces that these explosions will be continued indefinitely "as long as information of real value to the mining industry can be obtained." The following news statement from the Department of Commerce—typical of such governmental press service in recent years since the American Association for Labor Legislation drew wide public attention to dust-laden government reports containing overwhelming evidence of the desirability of rock dusting—indicates anew the conclusiveness of the rock dust remedy. How many more years and how much more money must be spent in repetition of "experimental explosions," when scientific research and practical mine operation have long demonstrated the wisdom, practicability and necessity of rock dusting to prevent the wholesale—and needless—destruction of human life and property due to coal dust explosions?)

**C**OAL DUST explosion test No. 1000 was staged at the Experimental Mine of the United States Bureau of Mines, Department of Commerce, at Bruceton, Pa., on February 6. A representative group of state mine inspectors, mining officials, and mining engineers witnessed the spectacular event. The Experimental Mine, located within a few miles of Pittsburgh, is the only coal mine in the world owned and operated by a governmental agency for the sole purpose of conducting mine-safety tests. The mine has been used for this purpose during a period of more than sixteen years.

As the result of an exhaustive series of tests conducted there by the Bureau of Mines, the fact that accumulations of extremely fine particles of coal dust in a mine atmosphere constitute a serious hazard has been thoroughly demonstrated to the American mining industry. This, in the opinion of Bureau officials, has constituted a vital step forward in the mine-safety movement in the United States.

The opening of the Experimental Mine, and in fact the establish-

ment of the Bureau of Mines, was brought about as the result of a series of disastrous coal mine explosions which occurred in the United States in the year 1907. Six hundred men lost their lives in two explosions, which occurred within less than one month, and the total number of miners killed in this manner during the year approached the thousand mark. Public opinion demanded that the federal government take steps to prevent the continued recurrence of these explosions.

The Bureau of Mines, although not the first organization to study the causes and prevention of mine explosions, was the first to conduct its investigations in a coal mine. The testing of coal dusts as to their explosibility had been conducted in steel galleries for some time abroad. The first Director of the Bureau of Mines, Dr. Joseph A. Holmes, foresaw that absolute conviction as to the explosibility of coal dust would not be brought home to the industry in the United States unless tests were made in a real coal mine under actual mining conditions. An intensive search, conducted by George S. Rice, chief mining engineer of the Bureau, ended in the selection of a site for the mine about thirteen miles south of Pittsburgh. Here the entries of the Experimental Mine were driven into the Pittsburgh coal bed. Nearly a year of construction work was required before any tests could be made.

On October 24, 1911, the first explosion test was conducted in the Experimental Mine, demonstrating beyond doubt that bituminous coal dust raised as a cloud in air was explosive when ignited and that it was not necessary that firedamp be present to cause the dust to explode. Then followed a series of public demonstrations which proved the extreme danger of coal dust accumulations, regardless of the presence of firedamp. The long search for methods of combatting the hazard was next undertaken. The work was necessarily slow, as such research had never been attempted on so large a scale and there was little precedent to guide the work. The extreme violence developed by some explosions destroyed the testing equipment and necessitated much labor and expense in replacing it.

It was soon evident that there was nothing mysterious or supernatural in a coal dust explosion. It was merely the rapid explosive combustion of a cloud of coal dust in air. Anyone who has thrown a shovelful of fine bituminous coal into a hot furnace will recall the burst of flame and smoke that accompanied the sudden heating of the particles. A coal dust ex-



plosion is the same reaction on a tremendously larger scale. Coal dust lies everywhere in the mine; its amount can be lessened, but it is found impossible to prevent its accumulation in sufficient quantity to propagate an explosion. Some concussion throws a cloud of the coal dust into the air and, in the presence of a flame, or an electric flash, ignites it. The flame spurts through the cloud and the explosion is under way, raising more dust as it travels, tearing out huge timbers, reducing strong mine cars to hopeless masses of junk and leaving any men not victims of violence or burns the prey of the deadly after-gases.

Before the introduction of the rockdusting method, water had been used to prevent the inflaming of the dangerous coal dust. This method was, however, ineffective due to the difficulty of completely wetting the coal dust and to the rapid evaporation of the water after wetting the dust. Sir William E. Garforth, a distinguished British mining engineer, proposed the spreading of a non-combustible dust like rock dust, through the mine as a means of preventing and limiting the explosion of the coal dust. **Rock dust, when tested in the Experimental Mine, was found to be more effective than any other agency for allaying the danger of coal dust.** Hundreds of explosion tests have determined how much rock dust is needed for more than thirty different kinds of coal, and the operators of many large mines are to-day properly taking as many precautions against coal dust explosions as they are against explosions of inflammable gas.

But even with the mass of data accumulated, the problem is not finished, say the Bureau officials. While test No. 1000 was a unique achievement in the continuous testing of the explosibility of coal dust, the work will progress as long as information of real value to the mining industry can be obtained.

As an evidence of the effectiveness of the rock dusting methods as a safety measure, the Bureau calls attention to the period between January 1, 1926 and January 1, 1928, in which time there were 20 major disasters in the bituminous coal mines of the country, in which 475 men were killed. During this period explosions of gas and dust started at 11 rock-dusted mines, but were early extinguished by rock dust. While there was a death list of 86 men, more than 2,000 men, who were working in these rock dusted mines and therefore liable to be killed, escaped.

# Again Four Mine Explosions!

## PROGRAM OF PREVENTION

**F**OUR "major" coal mine explosions, **killing a total of 52 miners**, have occurred since the December issue of this REVIEW appeared. At Stiritz, Ill., December 20, an explosion took 7 lives out of the 20 who were in the mine at the time. An explosion at West Frankfort, Ill., January 9, killed 21 men, while more than 600 who were at work in the mine escaped without injury—a fact which led the Chicago *Tribune* to point out that if this mine had not been partially rock dusted "the toll would have been far greater." The section of the mine in which the explosion occurred had not been rock dusted. At New Kensington, Pa., February 21, an explosion took 10 lives, and on February 24 at Jenny Lind, Ark., 14 men met a similar fate.

The death toll resulting from coal dust explosions would have been vastly greater than 162 in 1927 if it were not for the progress made in rock dusting. At least 730 miners in this year alone owe their lives to rock dust.

**In the past six years 71 "major" coal mine explosions have caused the death of 1,922 miners.**

In 1927, 9 explosions killed 162 men.

In 1926, 16 explosions killed 349 men.

In 1925, 10 explosions killed 237 men.

In 1924, 10 explosions killed 459 men.

In 1923, 5 explosions killed 265 men.

In 1922, 11 explosions killed 264 men.

That the record for the past three years is not quite as shocking as that for 1924 is doubtless due in a measure to the remarkable, though belated activity of coal companies, beginning in 1924, in installing the rock dust safeguard in their bituminous mines—activity which has continued in 1927 until more than 247 mine companies are now rock dusting. However, every year of delay by the states in adopting laws to require rock dusting of all bituminous mines means the tragic killing of hundreds of men.

Scores of editors and writers have in recent months cooperated in the campaign for the prevention of needless coal mine accidents by demanding that state legislatures promptly enact laws to require the rock dusting of bituminous mines to prevent coal dust explosions.

How much longer shall these killings continue? ("The great explosions should not be considered to be normal occupational accidents," says the director of the federal Bureau of Mines.) When will the public insist upon removing for all time the dreaded spectre of violent death that stalks through the mines? These questions—which must here again be raised—have been asked in every issue of this REVIEW since December, 1922.

Mine bureaus have existed for many years. Accident com-

pensation laws have provided at least partial relief for those left dependent. **But safety standards are still inadequate. In ten years we have killed more than 25,000 coal miners!** The United States Bureau of Mines has shown that many of the worst hazards of mining can be eliminated. The director of the Bureau has declared that "explosions can and must be prevented." Results, however, depend upon local and state action.

In order to make safety work in the mines more effective the American Association for Labor Legislation is urging the adoption of a program for strengthening protective legislation, which includes—

1. **The adoption of uniform legal minimum standards of safety;**

2. **The use underground of no explosive that is not after scientific investigation numbered among the "permissibles;" the strict limitation of "shooting off the solid;" and the use of shale or approved rock dust to check the spread of coal dust explosions;**

3. **Reward careful employers and penalize the less scrupulous, by the universal adoption of schedule rating for insurance under accident compensation laws, with a further graduated penalty for cases of willful failure to put into effect legal safety regulations;**

4. **An adequate mine inspection staff selected upon a merit basis of training and experience, fairly paid, for reasonably long tenure of office and protected from partisan interference whether political or industrial;**

5. **Greater public authority, federal and state, to procure and disseminate information, and to establish and maintain on a uniform basis reasonable minimum standards of safety.**

The Association's program of prevention of needless coal mine disasters—discussed more fully in this REVIEW for March, 1924—has aroused widespread interest. It has been put forward during the past three and a half years with the active cooperation of the press, and after consultation with mine operators and engineers, representatives of the miners' organizations, state and federal mine inspectors, and an examination of published records.

As a result of the Castle Gate explosion in March, 1924, Utah promptly pointed the way by adopting the most comprehensive coal mine safety code in America, including the required use of rock dust. Five additional states—Pennsylvania, Wyoming and West Virginia in 1925, and Indiana and Ohio in 1927—have already enacted laws providing for the rock dusting of bituminous mines.

**Why should there be further delay in the other nineteen bituminous states in taking the necessary preventive measures? Why continue NEEDLESSLY to destroy property in an essential industry and sacrifice additional hundreds of precious human lives?**

## Old Age Pension Legislation

**I**N a printed folder entitled "Old Age Pensions?" issued by the American Association for Labor Legislation appears a list of twenty-three articles on old age dependency that have appeared in this REVIEW during the past five years. The announcement is made that "in 1928, in its country-wide survey of law enforcement, the American Association for Labor Legislation will study the actual operation of existing Old Age Pension laws, in advance of the meeting of the forty-two state legislatures and Congress which will be in regular session in 1929."

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THE need in New York State for immediate legislative action looking to the adoption of adequate old age pensions is stressed by the American Association for Labor Legislation in a letter sent widely throughout the state on February 24. It points out that pioneer legislation already in effect in six states (shown on the accompanying map) has been based upon the 'standard bill' which grew out of a conference proposed by the Association for Labor Legislation and held in New York City in 1922.

"At Albany this year," the Association states, "are half-a-dozen old age pension bills—obviously based upon this standard draft—but varying widely as to benefits and the highly important matter of proper administration.

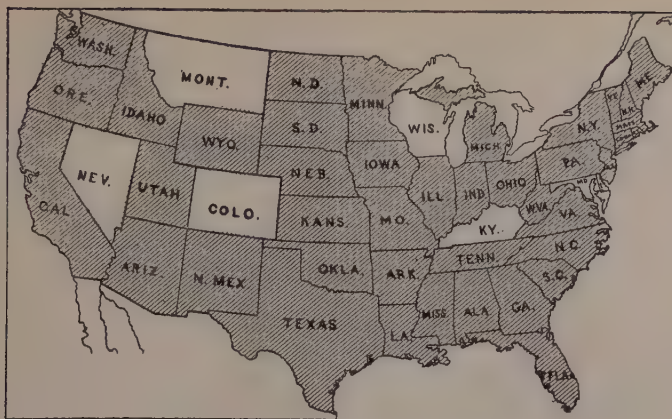
"For several years the American Association for Labor Legislation has cooperated with public welfare, labor and other organizations, including the Fraternal Order of Eagles which, with its large membership, has been a most influential factor in supporting this legislation. This Association has for years, through its meetings and publications, called attention to the plight of the aged poor, and the findings of public and private bodies.

"In New York during two years an official commission (with wholly inadequate appropriations of \$5,000 yearly) has been studying aged dependents in public institutions. Not covered by this present survey is the supremely important group of aged dependents outside of institutions.

"Is it not clear that the next important step in New York (where conflicting private reports now confuse the public) should be a **genuine, adequate, official study of the non-institutional poor?**" (Governor Smith has since urged this action in a special message to the legislature.)

The Association's letter was signed by Lillian D. Wald, Otto M. Eidlitz, Bailey B. Burritt, George Soule, Joseph P. Ryan, Leonard W.





WHITE States have old age pension laws

**Based on the "Standard Bill"**

Six states—Montana and Nevada (in 1923), Wisconsin (1925), Kentucky (1926), Colorado and Maryland (1927)—and the territory of Alaska, have already adopted straight old age pension laws, based on the "standard bill." The "standard bill" (reprinted in this REVIEW for December, 1924) is a very modest proposal that a citizen of **70 years** or upward who has also resided continuously 15 years in the state, shall, if the value of the applicant's property does not exceed **\$3,000**, be entitled to a pension which when added to other income shall not exceed a total of **\$1.00 a day**. A state-county system of administration is provided on an economical basis with provision for **careful local investigation** and general supervision.

Hatch, Lawson Purdy, John A. Fitch, Mary E. Dreier, Josephine Goldmark, David C. Adie, Wesley C. Mitchell, Sam A. Lewisohn, Adelbert Moot, Alexander M. Bing, Mary Van Kleeck, Stephen S. Wise, and John B. Andrews.

THE National Civic Federation, propagandist against legislation for old age pensions, has issued a report of its recent survey of old age dependency. When this survey was announced, it was pointed out in this REVIEW (December, 1926, p. 282), that "it is obvious that this action is prompted by recent progress in old age pension legislation in this country to which the Civic Federation has been bitterly opposed" and that the survey "will bear watching." Now, in publishing its findings, covering 14,815 persons in four eastern states, the Civic Federation runs true to form by accompanying them with a statement in which a rhetorical fling is taken at the movement for old age pension legislation. But the figures themselves, which were admittedly compiled "cautiously," tend to confirm rather than refute earlier public and private findings that about **one-third** of our population **65 years of age and over** have no property. The Federation's survey found 17 per cent of these aged

persons without any property or income, and between 20 and 25 per cent were dependent upon relatives or charity. The *New York World* made this comment on the report: "The conservative Federation is likely to take a roseate view of statistics that might indicate that the time has not yet come to talk old age pensions. \* \* \* But \* \* \* 20 to 25 per cent of dependent oldsters is still far too many." The *Philadelphia News* declares that the Civic Federation statement "is intended to offset the growing demand for old age pensions. With intelligent people the statement can only stimulate the demand."

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CANADA in 1927 adopted a federal provincial system of Old Age Pensions and as we go to press progress there is reported to us by wire: "British Columbia has been paying pensions since September last. Yukon Territory has passed an ordinance authorizing entering into agreement with the federal government for the payment of pensions. Bill to give effect to the pension plan in the Province of Saskatchewan is now before the legislature and will likely become a law, in which event pensions would be payable at an early date. While no bill has yet been introduced in the Manitoba legislature, an item appears in estimates for purpose of paying pensions. Ontario, Nova Scotia, and Alberta legislatures are now in session and while the pension plan is referred to in speeches from throne it would seem that the governments are not desirous of accepting the plan without further study, but press items indicate strong public pressure for adoption of scheme. In the Province of Quebec the legislature is in session now, but no reference was made to pensions bill in speech from throne. No information at present for New Brunswick and Prince Edward Island."

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At a legislative hearing at Albany, February 22, on a bill to permit counties of New York State to set up a central system of welfare work and abolish the posts of town superintendents of the poor, Homer Folks, secretary of the State Charities Aid Association, declared that the legislation was needed to do away with dilapidated almshouses, some of which he asserted had been found to be fire traps.

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WOOD COUNTY in Wisconsin has returned to the old age pension fold. The Wisconsin law provides for county option. Wood County accepted the act and operated under it for a year and a half, but early in 1927 the board of supervisors abandoned the plan on the ground that difficulties had been encountered in enforcing the law. In readopting the old age pension system, with but one dissenting vote among the forty-five members of the board, the county now calls upon the governing bodies of the towns, cities and villages to assist in determining the merits of applications for pensions. The American Association for Labor Legislation is officially informed, in reply to an inquiry, that the readoption of the old age pension plan appears to have been a recognition that "there was considerable feeling in the county that this plan of relief is meritorious."

CITING Lawson Purdy of the Charity Organization Society as authority for the statement that in New York City "there are 24,000 friendless old men and women utterly without income or property and not cared for by any known agency," the New York *American* says: "Our methods of public relief of the poor date back, in many localities, 150 years. Originally meant to be kind, as kindness went, they have become cruel and are often carelessly and wastefully applied. \* \* \* Thus far American experience shows that fixed allowances in homes cost less than 'poor houses.' The Empire State should give the subject thorough consideration." This was followed by the declaration that "the subject of old age pensions \* \* \* should receive careful and thorough study, preferably by a special commission."

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DISCUSSING old age pension legislation, an editorial in the Brooklyn (N. Y.) *Times* says: "Malthus believed that the world was encumbered by its helpless and that natural decay should be allowed to curb the growth of population. The theory has its followers, but like every theory it is not practical. The fact is that in one form or another the strong in the world are obligated to carry the weak. The more trying conditions of life make the burden heavier. Old age was once a time of comfort for many. It is now becoming a time of trial and hardship for many."

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IN a recent address before the Unitarian Laymen's League, Sam Gerson, director of the Jewish Community center and Jewish Charities in Omaha, declared it is far more economical to support an aged person in his own home than in a county almshouse, and urged adoption of old age pensions.

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ADOPTION by New York of legislation for statewide old age pensions is urged in a resolution adopted recently by the Niagara County board of supervisors.

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IN Massachusetts the Central Labor Union of Salem and vicinity recently voted to support legislation for non-contributory old age pensions.

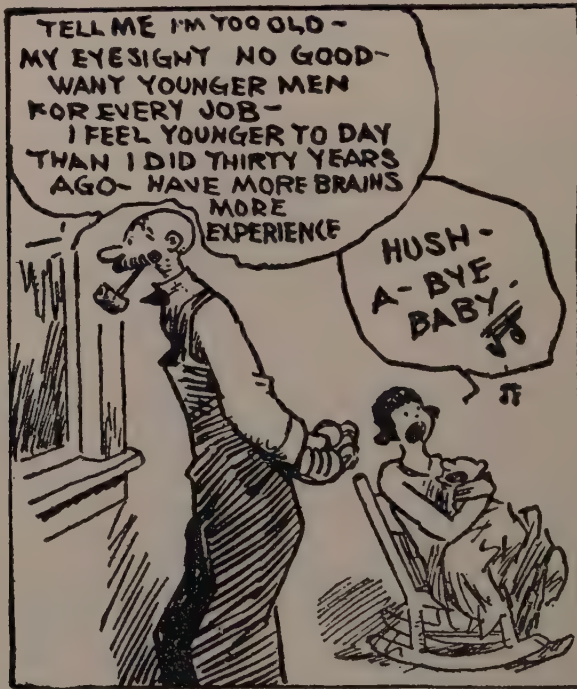
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A RECENT news dispatch from Sweden states that approximately 370,000 Swedes are to-day benefitting from the national old age pension system, according to Adolf af Jocknick, director general of the government's pension board.

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"AN old age pension system is most desirable and beneficial," says an editorial recently in the Albany (N. Y.) *Times-Union*. "It is but just that the state should aid in the care and maintenance of persons who find themselves unable to earn or procure the necessary funds in the evening of life. This duty is now met by placing such persons in institutions maintained with public funds. \* \* \* Pensions for the aged is not a new and untried plan. It has been successfully operated in several countries. The principle of the plan is embodied in the excellent system of widows' pensions which is in

operation in New York State. As the payment of pensions to widows permits them to provide a home for their orphan children instead of placing them in an institution, so the old age pensions would assure a similar privilege to persons to care for themselves in the final years of life. Pensions for widows have more than realized the good results predicted by the advocates of the law providing for their institution. Old age pensions would prove just as efficacious. They would be especially beneficial in the case of aged married couples no longer able to care for themselves. They would prevent the tragedy of separation. They would make certain the continuation of home life."



ANDY GUMP, in this panel from the well known comic cartoon "The Gumps," copyrighted by the *Chicago Tribune*, expresses himself with some feeling on the employment problem raised by the practice in some industries of refusing to hire middle-aged men. This practice of discarding men of forty-five frequently creeps into discussions of old age pensions. Legislation for statewide old age pensions as proposed in America, however, cover only aged dependents who have reached sixty-five or seventy years. To protect younger men and women who are refused employment at forty-five when they are able and willing to work—whether they are barred on the ground of "age" or of "bad times"—some form of unemployment insurance is needed.



## "Gratified With the Administrative Results"

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### Longshoremen's Act Successful

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THE new federal Longshoremen's Compensation Act, prepared by the American Association for Labor Legislation in cooperation with the International Longshoremen's Association and passed by Congress March 4, 1927, has been in effect since July 1. Administration of this important law has already won the praise of competent spokesmen for both interests directly affected—employers and employees.

An editorial in *Railway and Marine News* for December states that the attitude of the shipping industry was at first critical of the Longshoremen's Compensation Act, and goes on to say :

Prior to the Act becoming effective, shipping was concerned over the quality of administration, which is vested in the—to shipping—unknown United States Employees' Compensation Commission. There were substantial obstacles to be overcome: Inadequate funds; a complete district organization had to be set up, no part of which existed prior to the Act; Civil Service regulations governed every appointment. The Commission was without shipping experience.

In spite of these handicaps, the law gives assurance of being efficiently and judicially administered. The maze of forms and requirements, inevitable in the beginning, is already clarified; the law and decisions indexed; and orderly administration established. All this in the first four months' operation of the Act. Shipping is gratified with the administrative results, and is delighted to pay tribute where tribute is due—to the Commissioners in Washington, to their deputies and staff members in the several districts.

Recently an article in the *Brooklyn Standard Union*, headed "Harbor Compensation Law Proves Boon to Workmen," points out that the results of the operation of the Act in the New York district have "confounded the critics and the pessimists." The report of Deputy Commissioner Jerome G. Locke for the six months ending December 31, 1927, shows that more than 4,000 accident cases out of 5,000 bona fide claims were settled under the law. Not a single decision has been contested by either the longshoremen's union or the shipper's federation or any individual affected. The *Standard-Union*

article quotes Joseph P. Ryan, President of the Longshoremen's Association, in approval of the administration of the law, as follows:

"In the old days when a longshoreman was hurt, there was nothing for him to do but wait until he recovered and get his job back. Should he fail to recover sufficiently to return to his hard, gruelling work, the longshoreman was lucky if he got a watchman's job. And if he happened to be mortally wounded, as sometimes did happen, the only consolation his family got was that the boys took up a collection on pay day to pay funeral expenses.

"The real sufferer, the widow, had to go out doing work for which she, in most cases, had neither the training nor heart. Sometimes the children had to be put away in orphanages and homes to be forgotten in our busy work-a-day world. I am more than pleased to be able to say that all this has been changed through the Harbor Workers Compensation act."

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## **Philippines Adopts Workmen's Compensation**

**A** WORKMEN'S compensation law was enacted by the legislature of the Philippines on December 10, 1927, to go into effect June 10, 1928. Since 1905 there has been a very limited system of compensation for civil employees, and more recently also for workers in certain private employments.

The new act covers all industrial employments having a gross annual income of not less than forty thousand pesos, but excludes agriculture, charitable institutions, and domestic service. It is also applicable to employees engaged in public works of the Government, the provinces, municipalities and all other political subdivisions.

Employers may guarantee the payment of the compensation, which the Act requires them to provide, by carrying insurance.

Compensation is provided for occupational diseases as well as personal injuries due to accidents.

## Guarding Against Abuses of "Lump Sum" Awards Under Compensation Laws

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A RECENT attack on the chairman of the Montana Industrial Accident Board resulted in the discomfiture of the lawyers who instigated it, and—what is more significant—served to turn a spot light on one of the serious evils of "lump sum" awards under workmen's accident compensation laws.

The incident is tersely summed up in the *Helena Independent* of February 8 thus:

When H. L. Maury, Butte attorney, and Harlow Pease, writer for the Plentywood Producers News, appeared before Governor Erickson yesterday morning to file what they alleged were charges of the Silver Bow Bar Association against J. Burke Clements, chairman of the industrial accident board, it developed that the whole controversy between the Butte lawyers and the chairman of the compensation board is the result of the lawyers attempting to force "lump settlements" for large amounts of money from the industrial accident funds, that they might collect handsome fees from those injured in accidents for obtaining the payment. Maury has cases now before the board in which he is attempting to get large sums of money in one payment rather than permit his clients to receive monthly payments.

Maury was forced to admit time and again that he took from 25 to 35 per cent of such sums for fees, and in one case brought to his attention, he charged a man \$385 for obtaining a lump settlement of \$1,125 from the industrial accident funds, and the members of the board declared Maury's services in the matter consisted in writing two letters. Maury admitted taking the money.

Harlow Pease was peeved at the chairman of the industrial accident board because he has not been successful in obtaining further compensation for a man who is now in an asylum in New York, but whose guardian lives in Butte. The case has already cost the industries of Montana \$7,500, which has been paid to the client, to his guardian or his attorneys, and even while he was in jail or confined in an asylum, the fight for more money has been going merrily on. Pease was compelled to admit that the man was in an institution and being cared for, but the guardian in Butte and the lawyers want more money.

It was brought out in the hearing before the Governor that the charges of alleged misdemeanors and mistakes upon which the lawyers sought to have Chairman Clements ousted were the work of only nine attorneys. The charges fell flat under questioning,

and it was brought out that the real reason for the attack by the lawyers was that not only Chairman Clements but also the entire Industrial Accident Board opposed the indiscriminate practice of paying "lump sums."

Chairman Clements said that the lawyer employs a "runner" who speaks many different languages. "The Industrial Accident Board," he declared, "did not receive such demands for 'lump sum' settlements from the claimants nor from their widows. The demands come along after Maury gets hold of them, or his man with six or eight languages visits them and urges them to employ Maury to get them a big pile of money and divide with the lawyers."

Commissioners A. W. Bowman and George Porter of the Board also condemned such payments in "lump sums." Said Mr. Bowman: "I am opposed to lump settlements. I have my reasons for feeling this way. I have seen settlements made with injured workmen and had them back on us in a year for more money, they having lost all we had paid them in full for their claims. \* \* \* I believe in most cases it is better for the people themselves to receive their money by the month than to be given a lump sum and trust to their business ability to so invest it as to bring them in an income as large as they would receive on the monthly plan." Mr. Porter said: "I won't say I would not vote to make such settlements, as there are exceptions, but I feel as do the other members of the board, that they should be made with care and only after thorough investigation."

The Governor, as the *Independent* puts it, "brought the celebrated case of Nine Butte Lump Sum Seeking Lawyers *vs.* J. Burke Clements to a close by drawing on his overcoat and leaving for a cold lunch," after remarking pointedly: "The next time you come over with complaints, please bring some of these widows, orphans and wronged working men with you. We would like to hear from them and see if they feel as badly over these matters as you pretend you do. Good-day."

In agreement with the commendable stand taken by the Montana board, Mr. James E. Donahue of the New York State Bureau of Workmen's Compensation testified at an official hearing, February 14, that the Bureau has reduced as much as possible the "lump sum" awards which, he declared, offer the most opportunities for fraud.



He said that in 1925 in New York State there were 500 such awards, totaling about \$2,000,000. In 1926 the total had been reduced to \$900,000, and in 1927 to only \$300,000.

As a result of years of study, including an investigation of "lump sum" payments in New Jersey in 1915, and in Pennsylvania in 1923, the American Association for Labor Legislation has found that the practice of making "lump sum" awards frequently leads to flagrant abuses, and has urged that administrators of workmen's compensation laws grant such awards only when it appears after careful investigation that this action will best serve the interests of the claimant. The Association has pointed out that claimants are easily preyed upon as many have little notion of the comparative value of weekly payments and of a "lump sum." The laws should provide particularly that commutations in all cases be denied if any person appears for pay.

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### **Massachusetts Labor Continues Efforts For Exclusive State Fund**

A BILL has been introduced in the Massachusetts legislature, at the behest of the State Federation of Labor, providing for an exclusive state fund for workmen's compensation insurance. This action was taken following a statewide conference of labor organizations, and after efforts to invoke the initiative and place the measure up to the voters on the 1928 ballot had been blocked. Attempts had been made to get the Attorney General to certify a petition filed by the federation of labor for his approval as to form under the initiative and referendum laws. Four successive petitions, drafted with expert legal cooperation, were filed in an effort to meet the Attorney General's objections, but he approved none. Labor officials charged that the Attorney General was resorting to a "tiring-out process" to discourage them. Meanwhile, by the end of February, the Attorney General—Arthur K. Reading—found himself facing an investigation by the legislature, following his own admission that he had accepted a "retainer" of \$25,000 which came to him, by a circuitous route, from the Decimo Club, Inc., an organization which has been barred from some states but which the Attorney General, last May, pronounced within the law of Massachusetts. If, as reports indicate, Attorney General Reading may be forced to give up his office, the State Federation of Labor may find in his successor a different attitude toward their efforts to secure action on the proposed exclusive state fund.

# Recent Tendencies in Administration of Lump Sum Settlements Under Workmen's Compensation Laws

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By GRACE S. M. ZORBAUGH  
*Iowa State College*

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(EDITOR'S NOTE: With the adoption of the workmen's compensation principle in America it was generally agreed that there were many advantages in having accident compensation awards paid to beneficiaries in many smaller payments over a long period of time rather than to have the whole amount turned over to the widow or to other beneficiaries in a "lump sum." However, provision was usually made that in exceptional cases the administrative authorities might commute the compensation where it appeared clear that this would be to the advantage of the beneficiary. From time to time vigorous protest has been made that many abuses sprang from this practice and that the lump sum settlement afforded peculiar financial temptations to the beneficiary—sometimes to the man who is ready to marry the widow beneficiary—and very frequently to lawyers or "runners" who saw in the lump sum the possibility of dividing with the legal beneficiary. The following brief article by Grace S. M. Zorbaugh, who has made special study of this important aspect of workmen's compensation administration, sets forth concisely a number of important considerations and developments which are suggestive and instructive.)

THE practice of "lump-summing" payments of workmen's compensation is apparently on the decrease.

What is the annual aggregate amount thus disbursed by order or authorization of the various workmen's compensation boards and bureaus in the United States? At present exact knowledge cannot be ascertained, as many states do not keep a separate record of their "lump-sum," or commuted, awards.

In 1926 the state of Washington allowed only \$3,700 in commuted form. Pennsylvania on the other hand in the same year authorized a total of approximately \$481,000.<sup>1</sup> These amounts, plus those reported by six other states—Indiana, Montana, North Dakota, Tennessee, South Dakota and Wyoming—make an aggregate in the neighborhood of a million dollars paid out in a single

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<sup>1</sup> This amount, however, is 15 per cent smaller than the amount reported in 1924.

year by just eight states<sup>2</sup> out of the forty-three that have workmen's compensation acts, not counting Alaska, Hawaii, Porto Rico and the federal government.

As a rule, be it remembered, lump sums involve a money cost to the recipient, since they are the discounted present value of the original awards granted to the injured employees and the dependents.

The rate of discount, as ascertained in a recent survey by the writer, is usually 5 per cent.<sup>3</sup> However the absolute amount of discount deducted from the original award is likely to be larger than the applicant has anticipated. For, in numerous cases where not the whole but a part of the principal amount is advanced to the beneficiary, this part is deducted from the far end of the time period over which the regular installments would ordinarily be paid. Thus the discount may be reckoned as far ahead as a maximum ranging, according to what state we are talking about, from 260 to 1,000 weeks.

The writer found, from a recent study of partial commutations in Wisconsin where the rate of discount is only 3 per cent, that the total amount of discount nevertheless absorbed nearly 10 per cent of the total installment value of the original awards. If this was true in Wisconsin where the discount rate is low, what of the states where the rate is 5, 6 and even 8 per cent? Still more, what of the states which, like West Virginia, make an additional reduction for the probability that the beneficiary will not have survived to draw the whole amount of the award, supposing it were to be paid in the form of installments?

Hence it is gratifying to learn from successive surveys made by the writer in 1925 and 1927 that many states are stiffening their efforts to restrain the practice of "lump-summing" workmen's compensation.

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<sup>1</sup> The amounts reported to the writer by these eight states, cents omitted, were:

(a) For the year ending December 31, 1926: Washington, \$3,716; Pennsylvania, \$481,468; Tennessee, \$43,030; Wyoming, \$377,480.

(b) For the year ending June 30, 1926: South Dakota, \$26,000; North Dakota, \$10,748; Montana, \$230,000.

(c) For the year ending October 1, 1926: Indiana, \$166,347.

<sup>2</sup> Of thirty-three states reporting their rate of discount, 42 per cent employ a rate of 5 per cent, 24 per cent, 4, and 15 per cent, 6. The extreme range is from 3 to 8 per cent. In a number of states the interest is compounded annually.

Among the increasingly watchful states are Indiana, Massachusetts, Nebraska, New Jersey, New York, Ohio, Utah, Washington and Wisconsin. Indiana cut down her "lump sum" awards from 253 in 1925, involving about \$234,000, to 170 in 1926, involving about \$166,000. Massachusetts for some years has been refusing to commute death benefit awards to widows living in the United States and seldom approves lump sums for the purpose of going into business. Nebraska after January 1, 1925, cut down her monthly average of lump sum awards 50 per cent. In New Jersey the commissioner has taken "definite steps to prevent commutation except in very unusual cases." Ohio investigates every case before granting a lump sum. Utah in 1925 frankly confessed that "we have made too many lump sum payments," and began on January 1, 1925, to keep a narrative record of all lump sum awards and to follow up each case with a quarterly memorandum. It aims thus to ascertain whether the application of the lump sum accords with the purpose and whether the results demonstrate the wisdom of granting lump sums. Washington, which granted 47 lump sum awards in 1922, reported only nine in 1926.

Wisconsin, while unable to report definite figures, believes that "a clear recognition that we must answer 'no' as readily as 'yes' to requests for lump sum settlements on the basis of the facts secured by us enables us to handle lump sum requests to the best interests of injured employees."

New York is employing constantly increasing care to reduce the number of "lump sum" awards. Written application must be made stating the purpose, and a copy is sent to the employers or insurance carriers so that they may investigate. No award involving more than \$250 will be made unless an investigation and favorable report have also been made in the case by some representative of the department. Each applicant is given a pamphlet of information which is printed in three languages. He learns from it the risk involved in "lump sums" and the loss he will incur through discount. As a result of all these precautions the eagerness of applicants for "lump sums" has been noticeably lessened.

Other administrative boards which definitely report conservation in granting "lump sums" are those of Delaware, Georgia, Hawaii, Idaho, Iowa, Maine, Michigan, North Dakota, South Dakota, Vermont, Virginia, West Virginia and the federal government.



# Branding "Yellow Dog" Contracts

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By CORNELIUS COCHRANE

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BRANDING the "yellow dog" contracts of the Interborough Rapid Transit Company as "inequitable," New York courts in two successive cases have refused to enjoin the American Federation of Labor and its affiliated unions from organizing employees of the Interborough.<sup>1</sup> These decisions call for a re-examination of the question by other state and federal courts and if this view is adopted in other jurisdictions, labor has won a most notable victory.

The "yellow dog" contract and its relation to the injunction has been discussed before in this REVIEW.<sup>2</sup> Notable progress was made in three states last year by organized labor in its endeavor to secure legislation declaring these contracts to be against public policy.<sup>3</sup> Similar bills have already been introduced in New Jersey and New York this year. The American Association for Labor Legislation at its annual convention last December devoted a full session to a discussion of this question and the problem of the labor injunction. Hearings before two congressional committees in the present Congress further denote this problem to be a public issue of increasing national significance.

Now comes the opinion of the New York Court of Appeals declaring that "the defendants have the right to induce the plaintiff's (Interborough's) employees to join the Amalgamated Association though that may involve the termination of their employment."<sup>4</sup> Justice Wasservogel, citing this decision, also denied the motion for an injunction in the more recent case.<sup>5</sup>

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<sup>1</sup> Interborough Rapid Transit Company *v.* Edward P. Lavin and others, Court of Appeals, N. Y. Law Journal, January 19, 1928 (involving a contract "at will"). Interborough Rapid Transit Company *v.* William Green, individually and as President of the American Federation of Labor *et al.*, Supreme Court, New York County, February 15, 1928 (involving a contract claimed to have a definite term of two years).

<sup>2</sup> See "Why Organized Labor Is Fighting 'Yellow Dog' Contracts," by Cornelius Cochrane, *American Labor Legislation Review*, Vol. XV, No. 3, pp. 227-232.

<sup>3</sup> See *American Labor Legislation Review*: "Attacking the 'Yellow Dog' in Labor Contracts," by Cornelius Cochrane, Vol. XV, No. 2, pp. 151-154; "Labor's Campaign Against 'Yellow Dog' Contracts Makes Notable Gains," by Cornelius Cochrane, Vol. XVII, No. 2, pp. 142-145.

<sup>4</sup> Interborough *v.* Lavin, *supra*.

<sup>5</sup> Interborough *v.* Green, *supra*.

The Supreme Court of the United States to which an appeal may be taken, will, perhaps, register the increasing public sentiment against the use of these anti-labor contracts and endorse the knowing statement of Justice Wasservogel: "Whatever the status of the contract at law, the provisions above referred to are, to say the least, inequitable."

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1866

**Charles H. Herrill**

1928

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**L**ABOR law administration in the United States has met with a serious loss by the untimely death, January 18, of Charles H. Verrill, for years a member of the United States Employees' Compensation Commission. To the feeling of personal bereavement on the part of Mr. Verrill's friends and co-workers in the field of labor legislation is added a realization that the public service can ill afford to be deprived of administrators who possess Mr. Verrill's admirable qualities.

For forty years Mr. Verrill served the federal government continuously, being first with the old Department of Labor and later chief editor of the Bureau of Labor Statistics. When the United States Employees' Compensation Law was passed in 1916 he became chief statistician of the Commission charged with the enforcement of that Act and since August 27, 1918, had been a member of the Commission. While connected with the Department of Labor he represented the government in international conferences on labor legislation and on unemployment.

Mr. Verrill, who was a member of the general advisory council of the American Association for Labor Legislation, was recognized as an outstanding authority on workmen's compensation laws. To his knowledge of the subject and his great industry was due in large part the successful administration of the law of 1916 giving compensation to federal employees when injured in the course of their employment. Since the enactment on March 4, 1927, of the federal Longshoremen's Compensation Act requiring employers to compensate for injuries and deaths among longshoremen and harbor workers, Mr. Verrill devoted a large part of his time in organizing the forces in the fourteen compensation districts throughout the United States and putting the law into effective operation.

As the United States Employees' Compensation Commissioners have pointed out, in a tribute to their late colleague: "His long experience with compensation laws was of exceptional value to the Commission and his deep interest in the subject caused him to give more time to his official duties after office hours than his strength permitted. The government has lost an official who for forty years has given his best efforts to the advancement of the work in which he was engaged and apparently with no thought except the performance of those duties."

## “For the Welfare of the Whole Community”

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G GOVERNOR ALFRED E. SMITH of New York, in what he calls his “eighth and last annual message” to the legislature, January 4, reviews the progress made in protective labor legislation and administration with his support since he first became Governor in 1919. He sets forth an impressive record of achievement while at the same time recommending the adoption of additional well-considered measures.

In this message Governor Smith draws upon his careful study and long experience to comment upon the need for labor legislation and its effective administration. He says:

“As Vice-Chairman of the Factory Investigating Commission from 1911 to 1913, while I was in the legislature, I became convinced that it was not only the right, but the duty, of the state to see to it that its working men, women and children were properly protected, that they were not subjected to hazards dangerous to life and health. I became convinced that legislation for the betterment of working conditions was in no sense class legislation and was not designed to benefit any one particular group, but was calculated to promote the welfare of the community as a whole; that such legislation was not only humanitarian in character, but was bound to promote efficiency, to increase productivity, to bring about a spirit of harmony between capital and labor and to produce future generations that would be stronger and healthier and better able to meet the demands of good and useful citizenship.

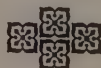
“The results of the Factory Commission’s investigations demonstrated also that labor laws, no matter how forward-looking and progressive, were not of themselves sufficient; that it was necessary to create and to maintain proper and adequate machinery for the enforcement of such statutes, otherwise they might just as well never have been enacted at all. \* \* \*

“In dealing with the administration of the Labor Department, which has charge of carrying out the provisions of the labor and workmen’s compensation laws, three kinds of programs may be adopted.

"The first may be characterized as a program of indifference and neglect. This, in effect, was the attitude of the state towards the Department of Labor up to 1913 when the Factory Commission made its recommendations on the subject. The Labor Department was given a niggardly appropriation. It had no facilities to carry on its work. It was kept as a minor subordinate agency of the state. The recommendations of the Factory Commission which were enacted into law changed all that. The Labor Department was established as one of the great departments of the state government. It was given the necessary staff of inspectors and technical men to enable it to discharge its functions properly. The educational activities of the department were encouraged with a view to bringing about better relations between employers and employees and to cutting down the tremendous waste occasioned by preventable accidents and diseases.

"The second type of program is what may be called a destructive program. That is a program which arbitrarily reduces the appropriations of the department to a point where it is unable to function properly.

"The third type of program is what may be called a constructive program whose object it is to build up and not to tear down; a program designed to afford to the Department of Labor ample facilities with which to carry out its important work, calculated to enable the department to meet the demands made upon it, and to exert its influence as a strong educational factor in an effort to alleviate the human suffering and to lessen the economic waste resulting from unwholesome and dangerous conditions of employment. That is the type of program I have adopted during the course of my several administrations."





# Report of Work

## American Association for Labor Legislation

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THE outstanding event during 1927 in connection with this Association's activities was the enactment by Congress of the federal Longshoremen's Accident Compensation Act. This new law, prepared by the Association in cooperation with the International Longshoremen's Association, is a most important and significant extension of workmen's compensation legislation. Its final adoption, under dramatic circumstances in the closing hour of the last Congress, was a signal victory—the culmination of ten years of persistent effort by the Association. That this is fully appreciated by members and friends was attested by the many letters received at the headquarters following news that our bill had safely run the gauntlet of a distressing "filibuster" and had been signed by the President. Enthusiastic recognition of the Association's "yeoman service" in securing the enactment of this new federal law was expressed by the International Longshoremen's Association at its convention in July.

The arduous legislative campaign carried on by the Association in bringing this measure to the point of passage by the Senate was outlined in the Report of Work for 1926 (published in this REVIEW for March, 1927, pp. 95-98). These efforts were continued in 1927 up to the moment of final enactment on March 4.

The Association's secretary, in company with President Anthony J. Chlopek of the Longshoremen's Union, again this year spent weeks at a stretch in Washington cooperating with congressional committeemen and leaders, at their request, in overcoming obstacles, and rescuing the bill again and again, during its tortuous course, from what seemed certain defeat. When at last its passage had been achieved in the House—but in a form requiring its repassage by the Senate—a situation had developed in the Senate that placed our bill, along with other important and urgently needed legislation, in serious jeopardy. A "filibuster" was on. In addition, it was discovered that a report was being spread throughout the Senate corridors, through a misapprehension, that a "joker" had been slipped into the bill by shipping interests just before its passage by the House. Precious time was lost in counteracting this unfounded report with the facts. Veteran observers at the Capitol declared that there was not the slightest possibility of getting the bill through. But by quick work a favorable report was secured. The services of Senators Walsh of Montana and Norris of Nebraska were enlisted and these senators, though wearied by the strain of the "filibuster," took advantage of a favorable moment to assure the Senate that our bill was in satisfactory form, and so in the final hour of the session the bill was passed.

Throughout the long legislative campaign for adequate compensation for harbor workers, which is thus rewarded with success, our members sustained a keen interest in the bill and responded effectively to appeals to "write your congressman."

Our Association's active interest in this legislation, which went into

effect July 1, of course continues, since no labor law, however beneficent in its provisions, can be satisfactory without effective administration. The Association cooperated from the beginning with the United States Employees' Compensation Commission in preparing the groundwork for administrative machinery operating throughout the country. The Commission has put the Longshoremen's Compensation Act into operation with high standards and an able and experienced personnel. By the end of the year, reports of deputy commissioners on the first six months' results showed that the act is proving highly successful. The Association is urging adequate appropriations for the administration of this act, and will continue to keep in close touch with developments under this important new law.

With one conspicuous gap in workmen's compensation legislation thus closed up, the black spots still remaining on the compensation map include the District of Columbia and the five states—all in the South—of Arkansas, Florida, Mississippi, North Carolina and South Carolina. The Association during 1927 sent widely into these states a printed folder setting forth their increasing need for modern legislation dealing with occupational accidents. It kept in touch with forward looking citizens in these states, and in early December, the Association's secretary went to North and South Carolina to participate in local conferences. At a spirited session of the Association's twenty-first annual meeting, devoted to the New Industrial South, encouraging interest was manifested in the movement to bring the South abreast of the rest of the nation in protective labor legislation. Workmen's compensation bills were brought to a vote this year in the legislatures of Florida and North Carolina but were defeated. The legislative campaign for accident compensation in "The Five Backward States" will continue, with increased public interest already apparent.

The Association continues its activities in behalf of the bill to provide accident compensation for wage-earners in private employments in the District of Columbia. This year Congress again delayed action. Renewed efforts are being made to bring about concerted action that will at last bring relief to the injured workers in the District and their families whose plight remains "a national disgrace."

During 1927, in addition to the federal Longshoremen's Compensation Act, substantial gains were made in new legislation in the states, as is shown in our annual summary of all new labor laws published in the December REVIEW. These gains may be outlined briefly here since our membership, to a degree unusual among national organizations, is kept informed almost currently of legislative developments, as well as the activities and achievements of the Association, through special communications, circulars and pamphlets and through the AMERICAN LABOR LEGISLATION REVIEW.

In more than a score of states increases were made in workmen's compensation benefits, and other improvements secured in the direction of the Association's "Standards." Idaho created a second injury fund to protect employers who give work to handicapped workers. Three states—Maryland, Michigan and Illinois—provided extra compensation, to be paid by the employer, for children who are injured while illegally employed. Maryland and Wisconsin

took pioneer action in extending the protection of accident compensation to convicts. South Carolina accepted the federal vocational rehabilitation act, leaving only seven states that have not yet adopted federal-state cooperation in rehabilitating industrial cripples. Congress substantially increased the weekly minimum and maximum payments under the federal compensation act for civilian employees of the government, to bring the benefits of this act which was drafted by the Association in 1916, more nearly in line with the increased "cost of living."

Carrying on its consistent efforts to include ALL occupational diseases under workmen's compensation laws, the Association has studied the operation of existing compromise laws providing compensation for only a limited list of occupational diseases. This year it called special attention to experience in New York and New Jersey, showing that the "limited list" plan is inadequate, unjust and a denial of equal treatment.

The Association, with members in Canada, assisted in preparing and circulating information as a part of the legislative campaign under way in the province of Quebec to secure an adequate workmen's compensation law.

Old age pension laws were enacted this year in Colorado and Maryland similar to those already in force in Montana, Nevada, Wisconsin and Kentucky—all of which are based on the "standard bill" drafted in 1922 as a result of a conference proposed by our Association and held in New York City in 1927. Arkansas and California created commissions to study old age pensions, and New York continued the investigation authorized in 1926. With this method of caring for aged dependents in their own homes instead of in poorhouses already in effect in six states, the movement has gained encouraging momentum in the United States. Canada this year adopted a federal-provincial system of old age pensions, and British Columbia immediately entered into this cooperative plan.

Our "standard bill" for rock dusting bituminous mines to prevent mine disasters due to coal dust explosions was enacted into law in Indiana, and Ohio also in 1927 adopted rock dusting legislation, making a total of six states that provide by law for rock dusting. This year the Association issued for wide distribution a two-color pictorial broadside vividly suggesting the menace of a coal dust explosion and setting forth the rock dust remedy. The Association's nationwide campaign for coal mine safety has continued to meet with an impressive and encouraging response. During 1927 more than 60 new companies were added to the list of those rock dusting their mines, making a total of over 247 companies that have installed this important safeguard since the beginning of our present campaign. As a result of progress in rock dusting a new type of headline has appeared over news dispatches of coal mine explosions: "Lives SAVED by Rock Dust." The Association has continued to be represented through its secretary on mine safety committees of the American Engineering Standards Committee in formulating "standard practices."

In the field of maternity protection, two additional states—Kansas and Maine this year joined in federal-state cooperation, leaving only three states that have not accepted aid under the Sheppard-Towner Act. Congress continued the provisions of this act until June, 1929.

With respect to stabilizing employment, the Association's legislative activities this year centered chiefly in a further effort to have Congress adopt the principle of advance planning of public works. At a hearing on a resolution introduced by Senator Pepper to authorize a select committee of five senators to study the subject, Otto T. Mallery, treasurer of the Association and chairman of its committee on public works, and the Association's secretary presented the need for advance planning. Despite a favorable committee report, Congress adjourned without action on this measure, and plans were immediately set under way by our committee to bring before the new Congress legislation to create a "prosperity reserve" embodying the principle of long range advance planning of public works as a measure of preparedness against an increase of unemployment.

The Association is closely watching the organized effort of managers of private, fee-charging employment agencies to break down such state laws as now regulate their activities and thus leave their well known abuses unchecked. This year they carried a test case involving the New Jersey law to the United States Supreme Court, and the final decision of the court is awaited with interest since upon it will depend the future course of regulatory legislation in this field.

During the year the Association supported the resolution proposing a constitutional amendment to permit newly elected members of Congress to take their seats two months instead of thirteen months after their election, thus abolishing the short or "lame duck" session and the evils of the "filibuster"—legislation that is urged also by the American Bar Association. Attention was called also to the need for action by Congress to provide an agency for continuous fact-finding, as urged by the national coal commission, to aid in stabilizing employment in the chaotic bituminous industry.

Much time and effort this year was devoted to formulating and submitting a project for a comprehensive study by the Association of labor law administration. This project—which by the end of the year appeared to be well on the way to the needed approval and support—will, when undertaken, mark a most important addition to the Association's activities.

Throughout this year, as at all times during its twenty-one years of existence, the Association has continued its unremitting work of investigation, interpretation, education and cooperation—all the painstaking preliminaries that are so vitally essential to the enactment of satisfactory legislation and its effective administration. In this the Association strives to secure the adoption of "standard" measures that safeguard the legitimate interests of employer, employee and the community. It performs a service that has come to be widely recognized as an essential social function in formulating and securing adoption of desirable labor standards from the public view point. Our membership (which in 1927 totaled 3,150), by its sustained interest and generous cooperation and support, has made possible continuous progress—even during periods of widespread reaction. With steadily increasing demands on it for information and service, the Association is accomplishing a great deal on a very modest budget. Its record of twenty-one years bespeaks additional support.

JOHN B. ANDREWS, *Secretary*.



## Annual Business Meeting

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THE twenty-first annual business meeting of the American Association for Labor Legislation was held at The Hotel Washington, Washington, D. C., December 29, 1927. In the unavoidable absence of the president, Sam A. Lewisohn, one of the members of the Executive Committee, Miss Mary Anderson, was selected to preside.

Minutes of the preceding meeting were approved, as published in the AMERICAN LABOR LEGISLATION REVIEW for March, 1927, pp. 95-100.

A resolution in support of a new survey of the Cost of Living to bring up to date the 1918-19 statistics of the U. S. Bureau of Labor Statistics, and recommending that the Executive Committee consult the present Commissioner and take any action necessary with a view to securing an appropriation from Congress, was, after discussion, adopted.

Report of Work for 1927 was made by the secretary, John B. Andrews, and adopted for printing (see page 119). The treasurer, Otto T. Mallery, read the Financial Statement, which was referred to the chartered public accountants (see page 124).

For the Committee on Nominations, John A. Fitch reported a list of proposed officers and members of the General Administrative Council who were elected. The general officers and vice-presidents who served in 1927 were re-elected except for the following change: David A. McCabe was transferred from the Advisory Council to the Executive Committee. New members added to the Advisory Council were: Mrs. Irene Sylvester Chubb, Herbert Feis, A. E. Gonzales, Walton Hamilton, Peter Heenan, R. W. Henninger, Mrs. Henry Goddard Leach, D. McL. McDonald, Broadus Mitchell, Herman Oliphant, Mrs. Dexter Otey, Mrs. Willard Pope, Joseph P. Ryan, Joseph H. Willetts. The following were not re-elected: Linna E. Bresette, John P. Coughlin, J. Lionberger Davis, Morris L. Ernst, Andrew Furuseth, William Hard, W. A. Julian, William Draper Lewis, W. F. Ogburn, Ansley K. Salz, L. E. Sheppard, N. I. Stone, Ida M. Tarbell, H. H. Ward, Mrs. Walter E. Weyl.

Irving Fisher and Otto T. Mallery reported as the Association's two representatives at the Vienna conference in September of the International Association for Social Progress.

JOHN B. ANDREWS, *Secretary*.

# FINANCIAL STATEMENT

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 1927

*Balance*, January 1, 1927, per cash book..... \$223.12

### *Receipts:*

Members' dues and contributions .....	\$53,238.10	
Sale of literature .....	1,214.03	
Interest on bank balance .....	116.53	
Miscellaneous .....	7.21	
Interest on Margaret Peabody Fund .....	240.00	
		<hr/>
		54,815.87
		<hr/>
		\$55,038.99

### *Disbursements:*

#### Salaries:

Administrative, editorial and research.....	\$21,450.60
Stenographic and clerical .....	6,149.50

#### Printing and engraving:

A. A. L. L. review, reports and bulletins .....	4,024.67
Circulars, enclosures, etc. ....	1,990.09
Pamphlets .....	1,630.68

Postage .....	2,678.58
Stationery and office supplies .....	1,505.12
Traveling expense .....	796.44
Telephone and telegraph .....	394.06
Rent and light .....	2,136.00
Books, clippings, etc. ....	447.89
Office expense .....	468.51
Committee expense .....	308.95
International Association for Social Progress dues.	96.75
Insurance .....	18.30
Miscellaneous, including legislative index service, annual meeting expense, etc. ....	342.79

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44,438.93

*Balance*, per cash book, December 31, 1927..... \$10,600.06

We have examined the records of cash receipts and disbursements of the American Association for Labor Legislation for the year ending December 31, 1927, and we certify that the above statement is a correct summary of the transactions for the period as shown by the cash book. No verification of the cash receipts was made, other than interest received from securities owned and from bank deposits, but we ascertained that all receipts for 1927 recorded in the cash book were deposited with banks to the credit of the Association, and that all disbursements of cash were supported by approved and receipted vouchers. The cash in bank at December 31, 1927, was verified by obtaining certificates from the bank.

PRICE WATERHOUSE & Co.,  
*Chartered Accountants.*

## International Labor Legislation

THE Eleventh Session of the official International Labor Conference at Geneva will open on May 30, 1928. Two questions are on the agenda: (1) Methods of fixing minimum wages (second discussion), and (2) Prevention of industrial accidents, including coupling accidents on railways (first discussion).

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Two sessions of the official International Labor Conference will be held in 1929—a general session and a special session for maritime questions. The special session will open immediately following the general session. On the agenda of the general session will be (1) forced labor, and (2) hours of work of salaried employees. The agenda of the maritime session will include regulation of hours of work on board ship, the protection of seamen in case of sickness (including treatment of seamen injured on board ship), and the promotion of seamen's welfare in ports.

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THE present Government of Great Britain has persistently refused to ratify the Draft Convention adopted at the Washington meeting of the official International Labor Office in 1919 calling for an **eight-hour day**. Instead, it is taking the lead in an effort to have this Draft Convention reopened and modified at the International Labor Conference in 1929. This proposal of the British Government met with vigorous criticism from Leon Jouhaux of France, who expressed keen disappointment and indignation. In view of the fact that it was the British Government which took the initiative in calling a conference of ministers of labor of five European countries in March, 1926, which resulted in an agreement as to "interpretations" of the eight-hour Convention in case of its final ratification by these countries (see this REVIEW for June, 1927, p. 181), the present action of the British Government is widely held by labor to indicate hostility to the eight-hour day and to raise doubts of the good faith of earlier gestures of this Government.

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IN his address before the Governing Body of the International Labor Office, opposing—in behalf of the Workers' Group—the proposal of the British Government to revise the Eight-hour Draft Convention, M. Jouhaux said: "The British Government has spoken openly this time. Evasions are at an end. We know now what they want: we are no longer groping our way in uncertainties, as we have been doing for

years. We have no longer to deal with the special difficulties of the British Government, which they desire to eliminate so that they may ratify: We are now brought face to face with their clearly expressed intention not to ratify the convention until it has been revised." He continued: "In France, we accepted provisional ratification in the expectation of ratification by Britain and Germany, both of whom had promised it. We thought that these two countries, whose social legislation is always said to be in advance of that of other countries, and whose working conditions are likewise believed to be superior to those of any other country, could not fail to keep their promises, especially as these promises gained added strength through the undertaking of the French workers in accepting conditional ratification. I repeat that it will be a terrible disappointment to the French workers to hear that the British Government, which accepted the Convention at the time of its adoption, and has always expressed its willingness to ratify it, has now declared that it cannot ratify till after revision." Mr. Jouhaux recalled that the Washington Eight-hour Convention was largely shaped to meet the demands of Great Britain: "The Washington convention was passed by 82 to 2 votes, after discussions lasting nearly a month. And I may remind those here present, some of whom were members of that Commission, that there was a critical moment when it seemed impossible to attain unanimity over the text. The cause of this tension was the fact that the British standpoint was opposed to that of the Continent because, so we were told, no other interpretation of the eight-hours day was possible to Britain except her own, since otherwise there would be grave disturbance of the British economic situation. What did we do? We yielded and accepted the British point of view \* \* \* The hour is come, when the British Government, which has always declared that it watches over British national honor and the fulfilment of the pledges given by Britain, must take account of the responsibilities which it has assumed, and must honor its signature." All labor delegates and most government delegates joined in criticism of the British Government.

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MAY DAY, 1928, will be made the occasion for especially strong demonstration by organized labor in Europe in favor of ratification by the various Governments of the Washington **Eight-hours** Draft Convention, according to an announcement by the International Federation of Trade Unions.

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THE **International Conference of Social Work** will be held at Paris, July 8-13, 1928.

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THE first triennial congress of the **International Association for the Study and Improvement of Human Relations and Conditions in Industry** will be held at Cambridge, England, June 28-July 3, 1928.

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THE fifth **International Medical Congress of Industrial Accidents and Occupational Diseases** will be held at Budapest, September 2-8, 1928.



## Book Reviews and Notes

**A Signpost to Social Insurance.** BY EVELYN MARTELLI. *London, King & Son, 1927. 87 pp.*—Contains a concise, up-to-date outline of the fundamental provisions of British social insurance. Written from the point of view of the feminist who objects to distinctions between men and women, this book urges that all features of the social insurance system in Great Britain—national health insurance; unemployment insurance; non-contributory old age pensions; widows', orphans' and old age contributory pensions, and workmen's compensation—be applied equally to both sexes, and that benefits be made more nearly adequate and universal as well as consistent. The author sees the need for a unification of all social insurance measures with economical administration. Nowhere in the volume is there a suggestion that any part of the comprehensive scheme of social insurance be abolished, but on the contrary the position taken is that practical experience recommends its further extension.

**Business Cycle Theory.** BY ALVIN HARVEY HANSEN. *Boston, Ginn and Company, 1927. 218 pp.*—Primarily a criticism of "profits" by Foster and Catchings, written in the light of business cycle theories. Professor Hansen contends that there is no single comprehensive explanation of business cycles and that Foster and Catchings have erred in finding the cause essentially in the saving process. This, he says, is only a single aspect of dynamic society. The general significance of Professor Hansen's present contribution is suggested in his statement: "Many economists seem to believe that it is necessary to take a completely agnostic position with respect to the causes of the business cycle. As a result of my study, it does not seem to me that business-cycle theory is in quite this hopeless condition."

**Postponing Strikes—A Study of the Canadian Industrial Disputes Act.** BY BEN M. SELEKMAN. *New York, Russell Sage Foundation, 1927. 405 pp.* This substantial volume contains the results of an able, painstaking study made by the Russell Sage Foundation of Canada's experience during the past eighteen years in the administration of its much-discussed Industrial Disputes Investigation Act. In a foreword Miss Mary Van Kleeck, director of the Foundation's industrial studies department, says: "We seek not to bring enlightenment to Canadians, but to look across the border toward our neighbors' mines, railroads and factories, and to ask whether the Act has accomplished its purposes satisfactorily and whether it can wisely be followed in this country. The continuous and efficient service of public utility industries, under conditions fair to the employees, is essential to the welfare of the general community, but it cannot be secured by the short cut advocated by many influential citizens in recent years—legislative limitations on the right to strike." Of particular interest is Mr. Selekmán's finding that while the

Canadian Industrial Disputes Act was drafted on the principle of compulsion, it has been administered largely as a measure to secure voluntary consultation and agreement. The fact that Canada has found it expedient to administer the act as a measure of conciliation rather than as one of compulsory arbitration, is highly significant. A detailed study of the history of the 536 disputes handled under this act in eighteen years leads to the conclusion that prohibition of strikes or lockouts by legislation is a futile means of attempting to avert industrial disturbances, but that getting both sides in a labor dispute together for discussion and conciliation has proved an effective means of governmental intervention in serious industrial controversies.

**Mothers' Allowance Legislation in Canada.** By J. L. COHEN. *Toronto, The Macmillan Company, 1927. 134 pp.* An excellent analysis of the operation of these laws in the five provinces providing mothers' allowances, treated from the point of view of legislative coverage rather than of administrative technique.

**Lectures on Legal Topics.** *New York, Macmillan, 1928. 393 pp.*—Collected addresses delivered before the New York Bar Association, in the Court Year 1922-1923, by eminent members of the Bar Association and others. This series of lectures is intended primarily for members of the legal profession but includes a discussion of other subjects which should be of more general interest. "Law and Order in Industrial Disputes," for example, is a defense of the Kansas Industrial Court.

**The Invisible Government.** By WILLIAM BENNETT MUNRO. *New York, Macmillan, 1928. 169 pp.*—Professor Munro concludes his interpretative analysis of the "influence of invisible forces" in government in the United States by an appraisal of the actual working out of our state-federal governmental system. "In their relation to the problems of American economic and social life the states have been gradually receding as entities of political action, whether regulative or constructive, until to-day they are all but powerless in some of the fields ostensibly reserved to them by our scheme of government. They claim jurisdiction over the problem of child labor, for example, but are altogether unable to cope with it." His suggested solution which would relieve the federal government of the constantly increasing mass of issues which the states fail to handle is a regional system of local governments—perhaps ten governments throughout the area of the United States—where "sectionalism which has been said to be both inevitable and desirable" may be properly expressed.

**The Manual of Industrial Safety.** By SIDNEY J. WILLIAMS, C. E. *Chicago, A. W. Shaw Company, 1927. 197 pp.*—Emphasis is placed upon accident prevention as a problem of organization and education. The author submits recommendations and suggestions for organizing and developing a safety department based on his twenty years' experience as an industrial executive in the Wisconsin Industrial Commission and in the National Safety Council. Consideration is also given to mechanical safeguards including chapters on machine guards, plant equipment, handling material and electrical hazards. A discussion of health and sanitation completes a well-rounded and very useful hand book.

# The American Labor Legislation Review

JOHN B. ANDREWS, Editor

FREDERICK W. MACKENZIE, Associate Editor

VOL. XVIII

JUNE, 1928

No. 2

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Cordell  
Brewster

—Irish Weekly Independent (Dublin)

**Still Unsolved**



## The Fruits of Persistence

WITH the final enactment by Congress on May 14 of a law extending the protection of accident compensation to workers in private employments in the District of Columbia, eight years of persistent effort by the American Association for Labor Legislation now end in victory.

The story of the Association's educational and legislative campaign, carried on year after year, to secure relief for injured workers and their families in the District whose plight had become a national disgrace, and the breaking at last of a long-standing legislative deadlock, is outlined on page 139 of this REVIEW. One of the few remaining geographical gaps in compensation legislation has been closed. To cover this country entirely with the modern protection against occupational accidents, it is still necessary to bring about action in the five states—all in the South—of Arkansas, Florida, Mississippi, North and South Carolina.

The increasing need in these states for compensation laws is suggested elsewhere (page 210), in an article supplementing the distinctive symposium on The New Industrial South which appeared in our March issue, inspiring many expressions of interest.

Congress also, on April 24, adopted an amendment we proposed to our federal Longshoremen's Compensation Act of 1927 (see page 143), removing an unexpected difficulty in administrative procedure and assuring competent legal representation for the administrative officials in cases on appeal from decisions of the deputy commissioners.

In addition to the important measures on which final action has been brought about at the present session, three bills are pending in Congress that have claimed the special attention of this Association. They are (1) the Jones bill for a "Prosperity Reserve" of public works to aid in combating serious unemployment, which, on April 17, following a representative hearing, was favorably reported by the Senate Commerce committee (see page 145); (2) the Wagner bill for adequate, permanent, federal-state-city public employment bureaus (page 162), and (3) the Summers bill favorably reported by the House Education committee May 8 to provide vocational rehabilitation of cripples in the District of Columbia (page 217).

The Association's legislative activities this year have thus to a large extent centered upon Washington. Only seven states hold regular legislative sessions in 1928 and in these our program was pressed consistently, with important results. A notable gain was made in New Jersey, where, despite an unscrupulous opposition that overreached itself, the weekly maximum payment under the workmen's compensation law was increased from \$17 to \$20 (see pages 212 and 230). In New York, a law was enacted specifically permitting the state fund to carry insurance under the new federal Longshoremen's Compensation Act. New York and Rhode Island adopted provisions for official investigation of old age dependency with a view to old age pension legislation.

Progress in state compensation legislation this year, and recent developments in old age pension legislation and in the prevention of needless coal mine accidents are covered on pages 212, 165 and 220 of this REVIEW. Developments arising out of the "new" unemployment are also discussed, particularly certain attempts to minimize the problem. This Association emphasizes anew that the best time for adopting permanent measures of preparedness against unemployment is when times are "good." Experience has shown that little may be done by way of prevention during acute depressions when all energies appear to be exhausted in providing emergency relief. Congress has an immediate opportunity to take constructive action by passing the Jones and Wagner bills, referred to above, and the states should be impressed with the need of similar action, together with the adoption of unemployment insurance, at the 1929 sessions.

Of timely interest and significance are the articles in this issue on newer developments in social insurance (pages 171 to 209), including worldwide advances in old age pensions and unemployment insurance, and the comprehensive system of social insurance just adopted by France.

Among its other activities, this Association is going forward with its study of administrative orders having the effect of labor law, as a first step in its important study of labor law administration.

JOHN B. ANDREWS, *Secretary*,  
American Association for Labor Legislation.

## Legislative Notes

THE Twenty-second Annual Meeting of the American Association for Labor Legislation will be held at Chicago, December 26-28, 1928. The program will include discussions of unemployment, a problem of industry, and problems of social insurance including old age dependency. A joint session has already been arranged with the American Economic Association.



KENTUCKY and Mississippi are the two most recent additions to the list of states having **mothers' pension laws**, as a result of action taken at the recent legislative sessions. Only four states remain without mothers' pension legislation—Alabama, Georgia, New Mexico, and South Carolina.



"THE hum of industry never wholly drowns the murmur of **unemployment**."—*New York World*.



IN an editorial on "Curing Unemployment" the Lawrence (Mass.) *News* says: "Of the talk about **unemployment** in various parts of the country, there is no end. As to the cause for such unemployment there is also no end of discussion. But as to well thought out, practical suggestions of ways and means by which to end such unemployment now and to prevent the recurrence of it in such a rich country as ours there is very little. Therefore it comes with considerable relief to find that the American Association for Labor Legislation has been at work along that line and has formulated a plan that gives some promise of helping relieve the admittedly serious situation in many parts of the country."



E. N. C., a student of economics, writes to the American Association for Labor Legislation expressing special interest in the articles on **The New Industrial South** in the March REVIEW, and adding: "Wishing to discuss labor conditions in the South, I have been unsuccessful in finding much information except the discussion in the March issue of the AMERICAN LABOR LEGISLATION REVIEW."



IN Massachusetts legislative obstacles continue to stand in the way of adoption of an **exclusive state fund for workmen's compensation insurance**. The Attorney General blocked efforts to invoke the initiative on this proposal (see this REVIEW for March, p. 111) whereupon a state

fund bill was introduced in the legislature at the behest of the State Federation of Labor. The legislature sidestepped the issue by referring this legislation to the next session. Organized labor then asked the legislature to adopt an order submitting to the Supreme Court the constitutionality of the proposed state fund law.



ON April 26 the American Association for Labor Legislation sent out widely a letter (with four-page printed folder) reporting legislative progress of the Blaine bill to provide **accident compensation for injured workers in private employments in the District of Columbia** and urging that Congress be impressed with the need for its prompt adoption. On April 23 and 25 the Association, in letters to members and other interested persons, asked that special efforts be made to aid in pressing forward the Association's immediate legislative program, including four bills pending in Congress—the Jones "**Prosperity Reserve**" bill; the Wagner bill for adequate, permanent, federal-state-city **public employment bureaus**; the Blaine bill for **accident compensation for the District of Columbia**, and the Summers' bill to provide **vocational rehabilitation of cripples in the District of Columbia**. On March 26 the Association sent to its New York members a letter reporting on the results of the 1928 legislative session in the field of labor legislation, noting especially that the financial appropriation for an official study of **old age pensions** had been doubled. On March 15 the Association sent a letter to members in New Jersey requesting continued cooperation in urging the legislature to pass the bill raising the maximum weekly payment under the **workmen's compensation law** from \$17 to \$20. This bill was finally passed on March 12. The Jones "**Prosperity Reserve**" bill was favorably reported by the United States Senate Commerce committee on April 17. On May 8 the Summers vocational rehabilitation bill was reported favorably by the House Education committee. On May 14 the Blaine bill for accident compensation for District wage-earners was enacted into law by Congress.



THE death of **Senator Woodbridge N. Ferris**, on March 23, is a loss to practical education and to social legislation. As Governor of Michigan, and during the past four years in the Senate at Washington, he repeatedly showed his understanding of the program of the American Association for Labor Legislation of which he was long an interested member.



FIVE young women formerly employed by the United States Radium Corporation are bringing action against the company for a total of \$1,250,000 damages for **radium poisoning**. Their cases recently came up in chancery court at Newark, N. J., where the question of their right to enter suit will be decided. These young women heard physicians testify that medical science has discovered no cure for the occupational disease to which they have fallen



victim. It is contended that the radio-active substances in their bodies which are eating away the tissues and rotting their bones, is the result of using radium paint to make the luminous numbers on the watch dials and that they were instructed, when they first obtained their jobs, that they could get the best results by wetting and pointing their brushes with their lips and tongues. The women originally filed their claim in the Supreme Court, but the corporation had the proceedings quashed on the ground that they were barred from relief by the two-year statute of limitation. They are now asking the equity court to decide if this limitation applies. The present action has been put over by the court until September 24. As pointed out in this REVIEW for December, 1927, page 263, if all occupational diseases had been included under the workmen's compensation law, not only would these unfortunate victims of a dreaded occupational disease have had protection, but their employer and the community as well would have been protected in all fairness.



THE fifteenth annual convention of the **Association of Government Labor Officials of the United States and Canada** will meet May 21-24 at New Orleans. Problems of factory inspection will be featured.



WITH the new federal Longshoremen's Compensation Act in operation, increasing attention is being given by employers of harbor workers to accident prevention. *Executive Service Bulletin* reports that as the first step in a continuous campaign for the **prevention of accidents among longshoremen** employed by a steamship company, an analysis of the cause of accidents occurring during the preceding year was made. It was found that most accidents on the property resulted from handling material, mostly freight, and that copper ingots were involved in most of these accidents, with railroad ties next, and bulk lumber, third. A safety drive was made, first in connection with the ingots and then with other items. At the end of the first year it was found that a 54 per cent reduction had been made in the accident severity rate of the company.



ON March 14 the New York legislature enacted a law authorizing the **state fund for workmen's compensation insurance** to write insurance under the new federal Longshoremen's Compensation Act.



COMMENTING on the new federal **Longshoremen's Compensation Act**, the *Boston Transcript* says that by its enactment "a valuable step has been taken toward even-handed justice."



MR. DONALD COMER, president of the Avondale Mills, Birmingham, Alabama, speaking recently before the Southern Textile Association, referred to the great development of **The New Industrial South**, pointing out that in 1880 the South had only 687,000 spindles, consuming 220,000 bales of cotton, and that now the South uses over five million bales of cotton and operates over seventeen million spindles. Em-

phasizing the need of considering the human side of industry, Mr. Comer said: "We have heard it said that if the world is not a good place for all of us to live in, it is not a good place for any of us to live in. \* \* \* Your responsibility to spin cotton is linked to that of helpfulness in the making of men and women. \* \* \* Let us strive that the mill where we work shall become a better and happier place for people to live and work. \* \* \* Our best requires the best conditions, the best tools."



VARIOUS aspects of accident prevention will be discussed at the seventeenth annual **Safety Congress** which will be held under the auspices of the National Safety Council at New York City, October 1-5, 1928.



"DECREASED employment in Elmira, which comes at unexpected moments, need hold no worry for the average worker if the American Association for Labor Legislation succeeds in putting through a program now commanding attention and which has for its objective the creation of a '**prosperity reserve**,'" says the Elmira (N. Y.) *Telegram*. An editorial in the Jamestown (N. Y.) *Journal* remarks: "John B. Andrews, Secretary of the American Association for Labor Legislation, in a recent address made the eminently sensible suggestion that the decline in the volume of employment should be checked by proceeding with needed public works. Creation of prosperity reserves by cities, state and federal governments is his way of phrasing it. \* \* \* The American Association for Labor Legislation is advancing a program of measures for public action which have been tested through two previous periods of industrial depression."



EFFORTS of textile manufacturers in Massachusetts to break down the **women's night work law** were defeated, when, on March 29, a bill to permit the employment of women in textile mills after 6 p. m. was killed by a vote of 90 to 116 in the House.



"THAT the National Association of Manufacturers is out to break down the **laws enacted for the protection of women**," writes John J. Leary, Jr. in the New York *World*, is the only conclusion to be drawn from the report on women in industry recently made public by this organization. All the old arguments of "freedom of contract", "restrictions of opportunity" that have been used against protective laws in the past appear in the report.



"CONGRESS is considering a bill appropriating \$150,000,000 for public works beyond the usual, subject to use at the President's direction whenever business drops 10 per cent," says the New York *American* in an editorial entitled "**Prosperity Reserve**." "If all units of government would adopt a proportionate policy it would give pretty good insurance against acute unemployment."

A SIDELIGHT on the new "technological" **unemployment**, with special reference to the trend of displacement of workers by machinery, is found in the news that an automatic casting machine has been invented which "makes metal castings automatically by a vacuum process whereby the molten metal is sucked into molds." The first machines have been designed for making battery grids. It is said that each machine can make 6,000 grids an hour contrasted to 350 an hour made by a skilled workman.



"UNEMPLOYMENT, according to experts, is less serious than it was. That's small comfort for a man without a job," writes Arthur Brisbane in the *New York American*. "Big business says you must expect **unemployment** crises. They will always recur. They said that once about financial panics, but the Federal Reserve System ended them. Big business opposed the reserve system, now universally praised. It would oppose anything suggested to abolish unemployment, as 'Socialistic, Anarchistic, Bolshevistic.' Big business is old and age accepts new ideas reluctantly."



AN editorial in the *Washington (D. C.) News* says: "There is an abundance of evidence in support of the **state fund plan**. It provides the safest and cheapest insurance from the standpoint of the employer. It best protects the worker, for a public adjuster is not interested in minimizing awards, as private companies naturally are. \* \* \* It is argued that persons crippled in industry, and their dependents in event of death, must be cared for by the public if there is no insurance protection; that providing this protection rightfully becomes a matter of state concern, and not one for private profit."



DELOS FRANKLIN WILCOX of Grand Rapids, Michigan, long a valued member of the American Association for Labor Legislation, died in New York, April 4. For many years Mr. Wilcox was a franchise and public utility expert, holding several public positions, and 1919-20 was adviser to the Federal Electric Railways Commission.



THE "yellow dog" contract is again the occasion of an industrial dispute. Since last October nearly 75 per cent of the 250 workers employed by the Millfay Hosiery Company of Buffalo have been locked out due to their refusal to sign agreements binding them never to become members of the American Federation of Full Fashioned Hosiery Workers while in the employ of the company.



"UNEMPLOYMENT is the very core of the problem of waste elimination. The fact that even our best workmen are frequently without a job is no longer looked upon as an act of God. On the contrary, we have come to know that **unemployment** is very largely preventable."—MORRIS L. COOKE, Former Director of Public Works of Philadelphia.

"THE meaning of the heightened **unemployment** in the United States, is that, in their search for more efficient machinery and industrial processes, American business men have temporarily lost sight of human beings. The earlier complaints of employers that they were experiencing profitless prosperity has been followed by the lament of the unemployed who have been confronted with jobless prosperity."—*World's Work*.



WITH the exception of Italy and France **employment conditions in Europe** were considerably better at the end of 1927 than they had been at the end of either 1925 or 1926. **Employment in Canada** as reported by employers on February 1, 1928, was larger in volume than on the same date in any other year of the record.



ON May 4 the secretary of the American Association for Labor Legislation, in three addresses at Memphis, Tenn., spoke before the annual meeting of the National Child Labor Committee on **extra compensation for children injured while illegally employed**; before the American Association for Organizing Family Social Work on the **relief and prevention of unemployment**, and before the National Conference of Social Work on **developments in social insurance**.



By the time this issue of the REVIEW is distributed, the United States Supreme Court may have passed upon the **right of states to regulate private, fee-charging employment agencies**. The legal fight organized by a group of private employment agencies against state legislation regulating the fees charged by these agencies (reported in this REVIEW for September, 1927, pp. 209-210) is now before the United States Supreme Court in the so-called Ribnick case involving the constitutionality of the New Jersey law.



MR. D. L. CEASE, chief of the Brotherhood of Railroad Trainmen, died on March 22. Mr. Cease was labor representative on the federal workmen's compensation commission of 1912, and long a member of the administrative council of the American Association for Labor Legislation.



CHARLES A. BEARD in an article in *The World Tomorrow* on "Recent Gains in Government" cites court decisions of a number of years ago which made it look "as if the whole program of humane legislation was to be smashed by the Constitutional club." He finds that "the inherited jurisprudence of crude acquisition is inevitably yielding to the humanism of the twentieth century" and adds: "Informed and determined criticism helps on the process. Let those who have doubts spend ten hours looking over the files of the AMERICAN LABOR LEGISLATION REVIEW."



# Congress at Last Enacts Compensation Law for Wage-Earners in the District of Columbia!

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By JOHN B. ANDREWS

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THE long and difficult campaign to secure the protection of accident compensation for workers in private employments in the District of Columbia has at last met with success.

Congress took final action on this measure when on May 14 the House passed the Blaine bill (S. 3565) which had already passed in the Senate on April 24.

The record of neglect of injured wage-earners and their dependents in the District has been a national disgrace. For fifteen years and more Congress failed to act, while state after state enacted workmen's compensation laws and Congress itself had adopted the compensation act for civilian employees of the federal government and, last year, the longshoremen's compensation act. Yet the plight of the District workers was peculiarly distressing. There was not even an employers' liability law, nor so much as a simple provision for accident reporting. When injured these employees were therefore peculiarly helpless since without any of the usual aids to recovery of damages they had to sue under the harsh and outgrown rules of the common law. Neglect could hardly have gone further.

Eight years ago the American Association for Labor Legislation, as a preliminary to preparing a compensation bill that would adequately meet the unique conditions existing in the District, undertook an investigation of the facts concerning industrial accidents occurring almost in the shadow of the Capitol dome at Washington. Such fact-finding was essential, and it had to be undertaken by a private organization because of the government's failure to provide the information. In this study the Association brought to light a serious condition of human suffering and destitution as a result of work accidents. This finding was confirmed by further investigations made by the Association in 1922 and in 1928. The facts thus uncovered and case studies made by our special investigators were

published by the Association<sup>1</sup> and repeatedly laid before Congress. Members of the Association will recall the various printed pamphlets and folders that have been issued during the past eight years as an aid in informing the public. Summed up it was shown that men were being maimed for life without receiving a cent of compensation; that widows were being defrauded of their just dues by shyster lawyers; that families were running hopelessly in debt for the necessities of life while court action proceeded at a snail's pace, and that children were being forced to leave school prematurely because of the family's urgent need.

The bill prepared by this Association was introduced in Congress in April, 1921. During the past seven years this well-considered measure, following unusually extended public hearings, was three times reported favorably by the House District committee—in 1922, in 1924, and in 1926.<sup>2</sup> The official committee urged its adoption "as a just and adequate and reasonable compensation provision especially well adapted to meet the unique conditions existing in the District of Columbia."

The situation in the District could best be met by adoption of the bill then prepared, and favored by labor, by many social service organizations and by progressive employers, as well as by congressional committees. The bill provided compensation that is most economical and secure to employers, completely protective to the community, and certain and liberal to labor for whose protection, primarily, accident compensation laws are enacted.

But a powerful and ruthless commercial insurance lobby—working in part through chambers of commerce—opposed this model plan of compensation legislation, and its activities resulted in a legislative deadlock.

Meanwhile serious accidents continued to occur in the District. Relief was increasingly needed for what the *Washington News* correctly called "an intolerable state of affairs." Contrary to an impression too widely held, many of the District wage-earners are

<sup>1</sup> "While Congress Delays—'Human Experience' Shows Need for Action," by Irene Sylvester Chubb. *American Labor Legislation Review*, Vol. XII, No. 4, December, 1922, pp. 204-206. "Tragedy in Homes of Injured Workers While Congress Neglects to Provide Accident Compensation," by Margaret A. James. *American Labor Legislation Review*, Vol. XVIII, No. 1, March, 1928, pp. 61-63.

<sup>2</sup> For Committee's reports see *American Labor Legislation Review*, Vol. XII, No. 1, March, 1922, pp. 58-66; Vol. XIV, No. 2, June, 1924, pp. 171-179, and Vol. XVI, No. 2, June, 1926, pp. 155-160.

engaged in extra-hazardous employments such as road, street and building construction, trucking, electrical work, running elevators and operating laundries. Workers in the District naturally and justifiably grew impatient over the long-continued delay of compensation legislation, prolonged by the self-serving tactics of private insurance interests whose obstructive efforts were aided by apathy of the public which has never shown enough interest in the District of Columbia to extend to its citizens the right to vote.

Early in 1928 representatives of organized labor in the District requested the American Association for Labor Legislation to work out the best workmen's compensation measure that could be expected to pass at the present session of Congress. This was done. After careful consideration, the conclusion was reached that the simple extension of the provisions of our federal Longshoremen's Compensation Act of 1927 to private employees in the District would furnish a compromise formula permitting private insurance companies to participate in writing the employers' risk but safeguarding to all directly concerned the superior commission form of administration.

This proposal proved acceptable and was embodied in a brief bill (S. 3565) which was introduced by Senator Blaine. A representative joint hearing of the District committees of the two Houses was held on March 22, at which the secretary of the Association for Labor Legislation and the local Central Labor Union suggested the adoption of the bill as a means of getting the long-deferred remedy at this session. On April 20, the Senate committee reported the bill favorably, pointing out that the Longshoremen's Compensation Act adopted by Congress in 1927<sup>3</sup> is "a modern and reasonable workmen's compensation law \* \* \* which has now been in successful operation for nearly a year to the mutual satisfaction of both employers and employees," and urging adoption of the Blaine bill "as a just and adequate and reasonable compensation provision for the District of Columbia."

With respect to the compromise feature of the Blaine bill calculated to end the long legislative deadlock, the committee's report

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<sup>3</sup> For outline of the new federal Longshoremen's Compensation Act, which was prepared by the American Association for Labor Legislation in cooperation with the International Longshoremen's Association, see "Congress Enacts Federal Accident Compensation Law for Harbor Workers!" *American Labor Legislation Review*, Vol. XVII, No. 1, March, 1927, pp. 13-14.

says: "On the two most vital points which have led to controversy in the past, it provides for competitive private insurance \* \* \* and for the system of administration through the already existing and experienced United States Employees' Compensation Commission. \* \* \* The advantages of administration through one experienced commission to which Congress has already given the responsibility of administering workmen's compensation to federal civilian employees, to the public employees of the District, and to those private employees of the District who are injured on vessels at the dock, are now—following the enactment by Congress of the compensation law of 1927—too obvious to need extended treatment. Unification of the administration of these workmen's compensation acts as passed by Congress, without setting up separate new machinery, has already commended itself to Congress."

When the Senate passed the Blaine bill on April 24, the House District committee promptly, on April 30, accepted the Senate measure and reported it favorably. On May 14 it was passed by the House.

This action at last removes a long-standing and conspicuous black spot from the compensation map. The black areas still remaining are the five Southern states of Arkansas, Florida, Mississippi, North Carolina and South Carolina. These, too, will surely be cleaned up by the pressure of public opinion, stimulated and aided by the preparation of well considered and reasonable legislative measures and persistent educational work.





## Administrative Defect in Longshoremen's Act Promptly Corrected

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THE one serious obstacle that developed to mar an otherwise singularly successful ten months' administration of the new federal Longshoremen's Compensation Act by the United States Employees' Compensation Commission, arose in connection with the procedure on cases on appeal from decisions of the deputy commissioners.

Section 21 of the act provides that any party in interest may institute proceedings in the federal district court to suspend or set aside the order of the deputy commissioner who is thereby made the defendant in such action. Although no specific requirement was made in the act, it was intended that the deputy would be represented by the United States district attorney in the district in which the action was brought.

This procedure was invoked for the first time in Virginia late last year. But the federal district attorney received no authorization from the Department of Justice to appear in behalf of the deputy commissioner who was therefore left without proper representation. Since these administrative officials are not required to be and as a rule are not members of the bar, it is, of course, essential that they be represented by counsel. Otherwise, court decisions seriously affecting the operation of the law are likely to result.

The American Association for Labor Legislation which, in co-operation with the International Longshoremen's Association, prepared the federal Longshoremen's Compensation Act, undertook to have this unexpected difficulty removed, and week by week cooperated at Washington in taking the necessary steps which have led to remedial action by Congress.

Before appealing to Congress to act, every effort was made, in the interest of "orderly administration of government business" to secure an official order requiring the district attorneys to represent the deputy commissioners in such proceedings. But the Attorney General advised that these officials should not appear in connection with the Longshoremen's Act "except perhaps in extraordinary circumstances."

An amendment to the act was therefore prepared making it the duty of the United States District attorneys to appear for deputy commissioners and for the United States Employees' Compensation Commission. Chairman Graham of the House Judiciary Committee immediately introduced the bill (H. R. 12320) and it passed the House by unanimous consent on April 2. Similar action was taken in the Senate on April 24 and on May 4 the bill was signed by the President. Competent legal representation for the administrative officials of the Longshoremen's Compensation Act is therefore assured.

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### **"Lump Sum" Settlements**

**I**N an article in the March number of this REVIEW on "Recent Tendencies in Administration of Lump Sum Settlements Under Workmen's Compensation Laws," Grace S. M. Zorbaugh reported that the practice of "lump-summing" payments of workmen's compensation is apparently on the decrease. In the case of New Jersey she stated that "the commissioner has taken 'definite steps to prevent commutation except in very unusual cases.'" Since the article went to press, she writes, further information from New Jersey shows that: "In the year ended June 30, 1927, although 57 per cent of the 37 requests for lump sums in fatal cases were approved, the total of the amounts involved came to less than a third of the sum (approximately \$100,000) which was asked for. Lump sums were granted with somewhat greater liberality in permanent partial disability cases. The aggregate amount granted in lump sum to both classes of cases was over \$165,000, and the individual amount in two-thirds of the cases was \$500 or over. The two dominant purposes were starting in business and paying living expenses."

In the March REVIEW also appeared an article, "Guarding Against Abuses of 'Lump Sum' Awards Under Compensation Laws," which reported the firm attitude of the Montana Industrial Accident Board against abuses of "lump sum" settlements. Continuing interest in the protection of injured workers and their dependents against too indiscriminate commutation of workmen's compensation awards is shown by the passage of a bill by the 1928 New York legislature—which, however, was vetoed at the request of the Commissioner—providing that commutation shall not be made in any case in excess of \$500 until after full investigation and report of all the facts and use to be made of the money.

## **“Prosperity Reserve” Bill Favorably Reported by Senate Committee**

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ON April 17 the United States Senate Commerce Committee favorably reported the Jones bill (S. 2475) “to create a prosperity reserve and to stabilize industry and employment by the expansion of public works during periods of unemployment and industrial depression.”

The bill<sup>1</sup> embodies the principle of long-range advance planning of public works, for years an important feature of the program of the American Association for Labor Legislation for the relief and prevention of unemployment.

As reported by the Committee, the bill authorizes an appropriation of \$150,400,000 for public works, including rural postroads, river and harbor improvements, flood control, and public buildings outside the District of Columbia. This amount is in addition to funds normally appropriated. Work under the “prosperity reserve” appropriation shall be undertaken whenever the volume of general construction in the United States, based upon value, has fallen 10 per cent for a three-month period below the average of the corresponding period of the preceding three years.

The committee’s favorable action followed a hearing on April 12 at which the need for adoption by the federal government of this measure of preparedness to aid in combating serious unemployment was impressively presented. At the request of the committee, the secretary of the American Association for Labor Legislation arranged the program of the hearing. In opening, he said:

It is believed by those who have studied this question very carefully in recent years that to put this principle into operation by the federal government would have a most salutary effect upon the present employment of the country, in aiding to put it on a sound and permanent basis, and reduced unemployment in the future.

This principle has been widely indorsed by leading commercial bodies, no less than by civic organizations, and by the wage-earners, who are so directly affected by this modern industrial evil. The American Engineering Council, the Associated General Contractors of America, the American Institute of

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<sup>1</sup>See “Bill for ‘Prosperity Reserve’ Now Up to Congress,” and “‘Prosperity Reserve’ of Public Works Needed to Combat Unemployment,” by Otto T. Mallery. *American Labor Legislation Review*, Vol. XVIII, No. 1, March, 1928, pp. 76-80.

Architects, and several chambers of commerce, including those as widely separated as the chambers of commerce of Seattle, Wash., and of Philadelphia, Pa., have gone on record as whole-heartedly believing in this principle. So has the American labor movement indorsed without reservation a plan of long-range planning of public works. \* \* \* This principle has been indorsed by President Coolidge, indorsed by the Secretary of the Treasury, Mr. Mellon, and indorsed by the Secretary of Commerce, Mr. Hoover. Also it was embodied in the Democratic National Platform of 1924, and urged a few months ago by Gov. Alfred E. Smith, of New York, in his plan to relieve the unemployment situation. Everywhere that constructive programs of unemployment are discussed, this idea receives uniform approval.

This plan appears to be the only practical one that has been worked out for increasing employment exactly at the time when it is most needed.

Henry S. Dennison, president of the Dennison Manufacturing Company, Framingham, Mass., whose constructive work for stabilizing employment in industry is widely known, declared that because of the psychological element in business cycles "a measure like this has an importance out of all proportion to the number of millions of dollars that it contains." And he continued:

It will not only have the effect of example, but this bill will set the standard of performance, it will establish a principle that there should be a fund in the Federal Treasury. \* \* \*

A bill like this will say in effect that we must be prepared. Here is a fund that will be ready, and the idea that it should be spent fairly promptly when the thing develops; so that what you are doing to-day is locally very helpful, perhaps sufficient for the day, but nevertheless now is the wisest time to pass a bill of this sort which says, "In the future this is just what we will do. We will do something extra," perhaps anticipating our future needs in this time when the doing of it will be worth \$10 for every one spent, whereas the doing of just the same thing in the middle of a boom is very costly.

D. H. Sawyer, secretary of the Associated General Contractors of America, said the "20 per cent" original provision of the bill could be reduced to 5 per cent and still it would be "entirely safe legislation," and added that "the power of example through the enactment of this legislation would be just as helpful as this particular bill itself."

L. W. Wallace, executive secretary of the American Engineering Council, said that "the Government can set a splendid example by adopting the principle involved in this bill, and that then those of us who are interested in promoting this fundamental principle of economics should have something to stand on, encouraging the several states and municipalities to follow it, and it seems to us like it is a



wholesome, practical way of approaching the periodic unemployment situation we have in our country."

Gardner S. Williams, vice-president of the American Engineering Council, also emphasized the stimulative effect of this legislation, saying that "when the national Government takes this thing up, it will be quite easy to persuade the states to do likewise, and from there on down to the municipalities, and we will have this great skeleton arrangement behind us, and it will always stand as a guard against the effects of such depressions as come from time to time."

George Wharton Pepper, former United States Senator from Pennsylvania, who had introduced similar legislation while in the Senate, told the committee that the Jones "Prosperity Reserve" bill is "a sane, sensible and proper measure." He pointed out that:

This is a type of legislation that it is extremely difficult to pass by any legislative body. It is like saying to a perfectly well man, "Now is the time to make binding resolutions as to what you are going to do when you begin to feel a little seedy." The difficulty is, the man will not take thought for what is going to happen until the thing does happen, and then he wants to do something much more ambitious and desperate than is proposed in this measure.

"This is an effort," Mr. Pepper concluded, "to introduce into the normal life of the federal government a principle as to how it will act when the time comes that action must be taken."

In outlining the practical effects of the bill, Secretary John B. Andrews of the Association for Labor Legislation, said:

It is believed that this plan of a reserve fund would, when it is called out, furnish immediate employment to a good many thousand workers, but, equally important, it would, because of the increased demand that it would make upon materials from at least 27 different industries, result in the employment of at least double that number of men.

More than that—and this is a point that has not been sufficiently stressed in the earlier discussions of this, I believe—the stimulus that you give to these 27 different industries besides the public works, which reach out into every community of the country, giving, as it does, a purchasing power to these many thousands of men, stimulates a large number of other industries. As these men wear out gloves, for example, and clothing, it indirectly stimulates the textile industries and others in that way, and that \* \* \* is one of the things which we think ought to be most carefully considered, one of the great values of this initial stimulus through the federal government, reaching out finally to the states and the city governments in their plans, and, at the same time, reaching out into the private industries as a stimulus to employment, and then, finally, wider, into the other industries which furnish materials for construction materials used up by the workers who are employed and given this new purchasing power.

It was agreed at the hearing that the effectiveness of this legislation would be enhanced by changing the original provision that the "prosperity reserve" of public work should be undertaken whenever the volume of general construction in the United States, based on value, has fallen 20 per cent for a three-month period below the average of the corresponding three-month periods of 1926 and 1927 so as to make it provide for such work when activity in the construction industry fell 10 per cent for a three-month period below the average of the corresponding period of the preceding three years. This change was made in the bill as reported by the Committee.

With the committee's recommendation, the "Prosperity Reserve" bill promises to be of practical service in periods of serious industrial depression. On May 5 Representative Rathbone of Illinois introduced this measure in the House, where it has been referred to the Judiciary committee. Congress should pass this bill promptly.

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## **Great Britain Adopts Amendments to Unemployment Insurance Act**

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THE British Unemployment Insurance Act of 1927 went into effect April 19, 1928. The act is based on the report of the Blanesburgh investigating committee appointed by the Minister of Labor in 1925.

Among other things the new act provides for abolition of the distinction between "standard" and "extended" benefit and the ending of the use of the discretionary power of the Minister of Labor to place restrictions on the grant of benefit. It makes necessary the payment of thirty contributions as eligibility for receiving benefits except in cases of sickness and ex-service men when special provisions are made. With the revision in the scale of benefits a man with an adult dependent may now receive an increase of one shilling over the present rate. Important from the standpoint of financial soundness is the clause which provides for an investigation at least every five years into the financial condition of the fund.

The thirty-contribution rule and the abolition of the extended benefit have met with criticism on the part of labor, on the ground that the claims of some 200,000 persons who are at the present time receiving benefits will be disqualified. The point has also been raised that unemployment is either a national responsibility or it is a cost of industry, and should not fall upon the wage-earner. One spokesman for labor declared that the Blanesburgh Committee should have recommended that the government cancel the fund's indebtedness to the national treasury. The fund, he claimed, had taken from the government the responsibility of the unemployed ex-service men.

# Need for Unemployment Facts Shown by Issue Raised at Washington

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**H**OW much unemployment is there in the United States? Are two million workers out of jobs; or four million, or seven million?

Widespread discussion is being waged over this question—in Congress, in the press, and among interested organizations. The accusation is freely made that figures are being juggled in the supposed interest of political partisanship. What should be emphasized is the fact that nobody knows. There will be at least one constructive result of all the present discussion if it makes the public aware of the urgent need in this country of permanent official fact-finding agencies to keep informed at all times not only of the trend of employment but also of the extent and character of unemployment.

Senator Wagner of New York, in his resolution which was adopted March 5 by the United States Senate calling upon the Secretary of Labor for information as to the extent of existing unemployment, focussed nationwide attention in an impressive manner upon our lack of unemployment statistics and machinery for providing such "essential" data. The resolution sets forth the problem with clarity and insight, as follows:

**WHEREAS**, it is essential to the intelligent conduct of private and public business enterprises, to the proper timing for the inauguration of public works by the Federal Government, and the encouragement of similar undertakings by the States, to the formulation of sound economic policy, and it is prerequisite to the provision of relief against the hardship of unemployment and to the ultimate solution of the unemployment problem that accurate and all-inclusive statistics of employment and unemployment be had at frequent intervals; and

**WHEREAS**, it is apparent that the United States is now suffering from a decided growth of unemployment, and no nationwide statistics of unemployment in the United States are anywhere available:

*Resolved*, That the Secretary of Labor is hereby directed (1) to investigate and compute the extent of unemployment and part-time employment in the United States and make report thereon to the Senate, and together therewith to report the methods and devices whereby the investigation and computation shall have been made; (2) to investigate the method whereby frequent periodic report of the number of unemployed and part-time employed in the United States and permanent statistics thereof may hereafter be had and made available, and make report thereon to the Senate.

In support of the resolution Senator Wagner pointed out that the President's Conference on Unemployment, organized to aid in meeting the depression of 1921, declared itself to be "embarrassed" because nationwide unemployment statistics were lacking. He said:

Unfortunately, this administration and that which preceded it seems not

to have profited from experience. More than seven years ago this country was suffering from the postwar condition of unemployment. The President called a conference to devise measures of emergency relief and methods of permanent correction. Now is not the time to discuss whether that conference was successful in its endeavors. But we can review its discussions and accomplishments as a warning that we should not repeat the experience. \* \* \* Read in the light of seven years' experience one simple but fundamental idea stands out as the topmost recommendation of the conference of 1921: *The need of more and better information.*

Every committee, every subcommittee, and the conference itself invariably returned to this as its central theme and reiterated the common disappointment over the total lack of statistical data. Little could be accomplished because there was no basis upon which to begin. The conclusion reached was that no progress in the solution of this question could be made until *accurate and nationwide statistics of employment and unemployment conditions were available.*

Three weeks later, on March 24, Secretary of Labor Davis made a report to the Senate in compliance with the Wagner resolution. In it he declared that the United States Commissioner of Labor Statistics, Ethelbert Stewart, finds "by the most careful computation methods available" that **"the actual number now out of work is 1,874,050."**

Those are his exact words. That the Secretary greatly minimized the problem was the construction placed upon his statement—and properly so—by the press. The despatch to the New York *Times*, which is typical, begins as follows:

Washington, March 26.—The number of unemployed in the United States was 1,870,000 persons on January 1, according to a report to the Senate to-day by Secretary of Labor Davis in response to the resolution of Senator Wagner of New York, who recently said he had been informed that 4,000,000 were unemployed.

But—Mr. Stewart in his report which accompanied Secretary Davis' report to the Senate, makes it clear that his figures are an "estimate." Even so they are not an estimate of the "actual number now out of work" but merely an estimate of the shrinkage in employment from 1925 to 1928. Says Commissioner Stewart:

The number of employees in 1925 used in this calculation—that is, persons working for wages or salaries for others—is estimated at 25,222,742. This figure does not include any persons operating their own business or professions. The calculated number of employees as of January, 1928, upon the same basis, was 23,348,692, leaving a shrinkage between the two periods as indicated above of 1,874,050.

On April 20, in a speech in the Senate, Senator Wagner analyzed Secretary Davis' report. He declared that Commissioner Stewart "honestly and candidly admits that he is not giving any unemployment information but is recording simply the shrinkage in the



payroll between 1925 and 1928" and that "when Commissioner Stewart's figures are properly read they indicate an unemployment situation far worse than I had ever suspected." He said further:

One may scan every line and every paragraph of Mr. Stewart's report and nowhere will he find the assertion that there are now only 1,874,050 men unemployed. That statement is purely the product of Mr. Davis's imagination. Mr. Stewart is too good a statistician and is too well aware of the difficulties of making an unemployment estimate with the available governmental machinery to try to give an exact and precise figure as to the number of unemployed.

Senator Wagner presented "an estimate made up on the basis of the figures reported by the Secretary of Labor and by the same methods" which draws a very different picture from that painted by the Secretary. The Senator's estimate follows:

Shrinkage between 1925 and 1928, as reported by the Secretary of Labor .....	1,870,050
On the basis of the same formula there was a shrinkage between 1923 and 1925 of.....	1,230,870
And between 1924 and 1927 farm workers who moved to the city in search of urban employment.....	500,000
Increase in population by natural growth and immigration.....	2,196,000
Total .....	5,796,920

"Even if we accept Dr. Klein's assertion that one and one-half millions were absorbed in other industries," the Senator remarked, "there are still over 4,000,000 unemployed." And he added: "The fundamental danger in a misleading report like the one which is now before the Senate is not that we may be led to believe that there are 2,000,000 unemployed when there are in fact 4,000,000. Such an error can be pointed out and corrected. The real harm is that the public is led to believe that the Government has the machinery and the means whereby it can keep informed of the number of unemployed, when, as a matter of fact, it has no such machinery."

As an illustration of the government's lack of coordination and uncertainty growing out of its lack of unemployment data, Senator Wagner with grim humor quoted a bulletin of the United States Employment Service, released March 22, which declared: "The country has been unduly alarmed by exaggerated reports that have been circulated widely stating that a serious unemployment situation exists." Two days later the Secretary of Labor in his report to the Senate said: "The present slump in employment, while not so extensive or grave as the estimates that have been generally circulated is, nevertheless, serious."

Senator Shipstead of Minnesota contributed to the discussion by declaring that his own computation, based on the government's re-

ports since 1923 and including Secretary Davis' report to the Senate, "leads to the belief that there are in the neighborhood of about 8,000,000 persons unemployed in the United States at the present time." He laid particular stress on the statement in the Secretary's report that "in making 1925 the base of 100, it is understood that whatever there may have been of unemployment in that year is ignored."

This episode at Washington has served in a striking way to turn the spotlight on the deficiency of the United States in the fundamental matter of keeping track of the extent of unemployment. The request of the Senate for information as to how much unemployment exists at present and the unenlightening reply of the Secretary of Labor emphasizes anew how deplorably unprepared is the United States to grapple intelligently with the problem of unemployment.

Secretary Davis says, in reply to the Senate's request for a report on a method whereby permanent statistics on the number of unemployed and part-time employed, that—

A very careful estimate submitted to me by Commissioner Stewart indicates that, for \$100,000 additional, the division of the bureau now handling this material could be increased to include a fair proportion of establishments employing as few as 50 persons, and that this material could be presented in detail by industries, states, and cities of 100,000 population.

In addition to this, \$20,000 should be added to the present appropriation for the employment service of the Department of Labor to enable it to extend its general non-statistical reports of employment opportunities by cities, to cover states not now included in its reports, and to increase the facilities for placing jobless men, especially in its farm placement activities.

As the American Association for Labor Legislation has repeatedly pointed out, it is only through the operation of an unemployment insurance plan such as exists in Great Britain, where registration of the unemployed is a requisite, that an approximately correct measure of the number unemployed at any given time can be obtained. Meantime a helpful beginning toward such a service in the United States can be made by promptly adopting needed legislation—long urged by this Association—to create a well-coordinated and efficient federal-state-city system of public employment offices, equipped to keep statistical records of their work,<sup>1</sup> and to expand the fact-finding work of existing federal and state agencies so that more comprehensive and more nearly adequate statistics of the trend of employment may be always available.

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<sup>1</sup> Senator Wagner introduced such a measure (S. 4157) on April 20, identical in form with the earlier Kenyon-Nolan bill which was supported by the Association for Labor Legislation.

# What About Unemployment?

By MARGARET D. MEYER

DURING the past three months discussion of unemployment has continued to hold a large share of the public interest. Measures of relief and prevention urged by the American Association for Labor Legislation, as outlined in this REVIEW for March,<sup>1</sup> have been given increased attention—particularly those calling for an adequate, permanent system of federal-state-city employment offices and the long-range advance planning of public works.<sup>2</sup> The need for more effective public machinery for collecting statistics of unemployment has also been stressed.<sup>3</sup> Along with this there has been active *laissez faire* propaganda on the part of certain interests, both political and industrial, designed to lull the country once more into a state of apathy.

In an address which Mr. Magnus Alexander, president of the National Industrial Conference Board—an organization of employers' Associations,—gave before the Fortnightly Forum in New York, he said: "As mechanization of industry with its requirement of fewer workers per unit of production decreases production costs and prices, the demand for commodities simultaneously increases and causes not only the theoretically released workers to be re-absorbed but in addition calls new workers into production."

Thus, according to Mr. Alexander, those who talk of technological unemployment fail to understand the situation! This is all very simple from the standpoint of classical text book theory, but in general there has been no "simultaneous" decrease in prices resulting from mechanization of industry. Prices, as reflected in the cost of living index of the United States Bureau of Labor Statistics, were in December, 1927, over 30 per cent less than the peak reached after the war, but the December, 1927, figure was only 1.2 per cent less than December, 1923, and approximately 70 per cent higher than 1914!

The official press release of the National Industrial Conference Board assures us that the decline in employment in the 1926-27

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<sup>1</sup> "Increasing Unemployment Calls for Adoption of Constructive Program of Relief and Prevention," by John B. Andrews, *American Labor Legislation Review*, Vol. XVIII, No. 1, March, 1928, pp. 65-75.

<sup>2</sup> See "'Prosperity Reserve' Bill Favorably Reported by Senate Committee," p. 145 of this REVIEW.

<sup>3</sup> See "Need for Unemployment Facts Shown by Issue Raised at Washington," p. 149 of this REVIEW.

period is only 9.2 per cent as contrasted with the decrease of 39 per cent in 1920-21.

In a more recent address before the National Metal Trades Association, Mr. Alexander said: "The increasing use of labor saving machinery in productive industry may cause a temporary unemployment, but this so-called mechanization of industry is a relatively slow process, slow enough usually to allow for readjustment. Where temporary unemployment does ensue for some, the necessary readjustment may, and often will, cause temporary individual hardship."

But what does Mr. Alexander mean by "temporary" unemployment? The fact should not be overlooked that while a readjustment may be made over a period of years it may not be "temporary" in relation to the working lives of a given group of workers at a given time. This is especially significant in reference to those who have passed the age of forty years. Displacement for such workers may well mean for them permanent displacement. Mr. Alexander's earlier statement, quoted above, regarding the decrease in prices which comes "simultaneously" with increased production and his theory of re-absorption are therefore open to serious question.

"The present unemployment is not temporary," says the Kiplinger Washington Letter of April 9 in the *S. V. K. Review*. "The things which have caused it will continue to cause more of it—mainly readjustment of industry, machine methods, shifting of plants from one line to another."

Mr. Alexander questions the existence of even *present* technological unemployment. "If such unemployment as existed during the last winter had been largely due to the increased use of labor saving machinery and power, then why did we hear practically nothing of unemployment in 1925, when from 1923 to 1925 there was not only a relative, but even an absolute shrinkage in employment in manufacturing and a great increase in mechanization of this industry?" The answer to this seems very simple indeed. The existence of cyclical and technological unemployment *together* in the latter part of 1927 made the problem more noticeable to the country at large. As Professor Slichter has said: "The situation has been slow to attract attention, however, because it has come upon us gradually and stealthily, rather than as a result of a sudden and dramatic collapse of markets."<sup>4</sup>

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<sup>4</sup> Sumner H. Slichter, "The Price of Industrial Progress." *The New Republic*, February 8, 1928, p. 316.





### "Prosperity"

—St. Louis Post Dispatch

In this cartoon the Post Dispatch calls attention to the "new" increase of unemployment which has taken place, while at the same time much business has been booming, with industry producing more goods with fewer workers.

Mr. Alexander goes on to say that the decline in unemployment has come to a stop with the beginning of the present year. He says that employment in manufacturing was higher in February than at any time since July, 1927! This does not tally with the monthly employment index in manufacturing industries reported by the United States Bureau of Labor Statistics. The index shows 85.5 for February, 1928, as compared with 87.3 in July, 1927; 87.4 in August; 88.0 in September; 87.6 in October, and 85.1 in December. January dropped to 84.2 so that there was a gain from January to February. But February, 1928, is lower than any February during the past six years, according to the April issue of the *Monthly Labor Review*.

Nelson, Cook and Company, bankers of Baltimore, Maryland, go so far as to find a blessing in unemployment. They say that "the shadow of unemployment will reduce rent, restore labor to

sanity, cut the cost of living, rectify the evils of instalment selling, encourage thrift and rudely awaken us to the forgotten knowledge that the skies are not always clear and the weather is not always fair \* \* \* labor must become less obdurate and the farm must again absorb the surplus unemployed labor of the cities."

A report by the National Association of Manufacturers states that 1,078 of its member companies are operating at 87.5 per cent capacity, an increase of 6.5 per cent over last year. Mr. John E. Edgerton, President of the Association says, "when any considerable typical group of manufacturers, in all parts of the country, report that they are operating with more workers than last year; and when that same group is producing at a rate of 87.5 per cent of their highest possible maximum production, I cannot see where we have any cause for undue alarm over the employment situation of itself."

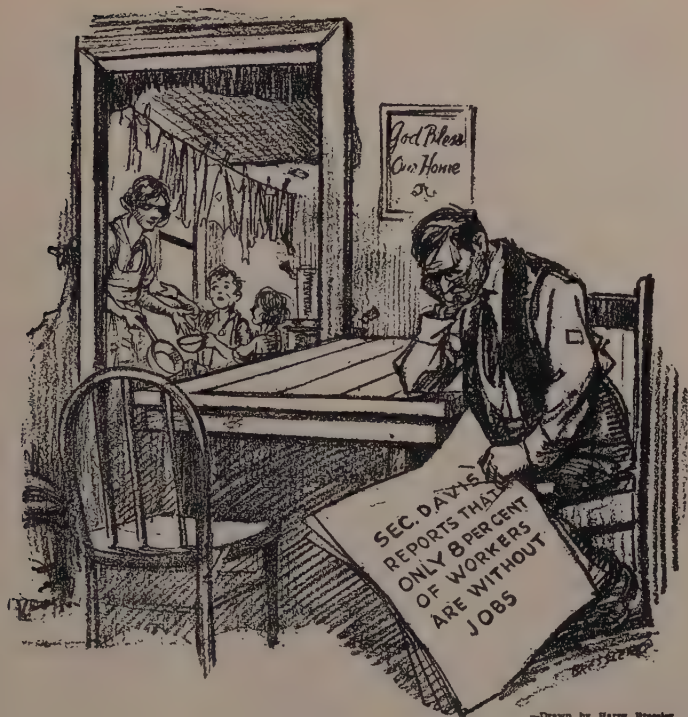
Official reports, however, do not paint such a rosy picture. According to the United States Bureau of Labor Statistics, although there was a seasonal increase for March over February, nevertheless employment for March, 1928, was 5.3 per cent below March, 1927, and 7.5 per cent below March, 1926.

The New York State Industrial Commission reported on April 28 that "throughout the first quarter of the year 1928, total weekly payrolls in factories of New York State were lower than during the first three months of any year since 1922," and added that "a decline of over two million dollars a week in factory payrolls since last year must affect the consuming power of the public." Along with the decline in factory payrolls, the level of factory employment is falling, says the New York official report, although pointing out that "it is true that payrolls have receded less rapidly in the last five years than has employment." The report says further that "total factory payrolls in March were 10 per cent lower than they were five years ago while the number of workers employed in factories was 20 per cent lower."

In Wisconsin, the State Industrial Commission, in a report to the legislature<sup>6</sup> finds that "the present factory employment in Wisconsin is below the level of the corresponding period of the past five years."

The New York Trust Company in its publication *The Index* takes issue with the report made by Secretary of Labor Davis to the United States Senate, in which he declared that there are only

<sup>6</sup> "Wisconsin Commission Sees Need of Planning Public Works to Combat Increased Unemployment," p. 163 of this REVIEW.



—Drawn by Harry Bromberg.

—The New Leader

### “Consolation”

A labor journal's reaction to the federal Administration's optimistic interpretation of unemployment.

1,874,000 men now out of work. The Trust Company points out that figures submitted by Secretary Davis represent only a shrinkage since 1925—"an entirely different matter." Including adjustments for a minimum unemployed in 1925 and changes in population, *The Index* arrives at an approximate figure of 3,000,000 idle men. Mr. R. G. Tugwell maintains in *The New Republic*, May 2, 1928, that the estimate of 4,000,000 unemployed made by the Labor Bureau, Inc., is probably an underestimate rather than an overestimate. Figures reported by President Green of the American Federation of Labor show that unemployment among union members in twenty-three cities at the end of March had not decreased—an average of 18 per cent unemployed which existed in February was still maintained.



At the same time that "all's well" propaganda is being circulated, even in the face of official reports that serious unemployment exists, those who are most directly affected by the situation are endeavoring to formulate a way out. At a recent meeting of the Central Trades and Labor Council of New York City, George Soule stressed the need for unemployment insurance. "The United States," he said, "is the only nation in the world which is laggard in respect to unemployment insurance." Welfare organizations and churches, which have experienced large volumes of relief claims during the last year have called conferences to discuss the problem. At the recent dinner of the Academy of Political Science in New York, Mr. Haley Fiske, President of the Metropolitan Life Insurance Company, the largest insurance company in the world, made his oft-repeated statement to the effect that the Metropolitan is ready and waiting to write unemployment insurance on the same basis as it now writes life and health insurance. All that is needed, he said, is a change in the legislative statutes. This outstanding insurance authority thus significantly recognizes that unemployment is an insurable risk.

At the conference on Unemployment, Prosperity and American Standards held by the Federal Trades Council of Reading, Pennsylvania, Prof. Richard H. L. Lansburgh, formerly secretary of the Department of Labor and Industry of Pennsylvania and now professor at the Wharton School at the University of Pennsylvania, said: "We must change the whole psychological attitude of the public at large, businessmen, workers, and financiers, to understand that just now when 'bad times' seem to be looming up is precisely the best time to go ahead with any job of building or repair work, any job of putting in new equipment or overhauling that needs to be done, so that people will be kept in employment wherever practicable and the flow of consumer goods to market can be maintained in fair volume. To-day everybody seems to agree that when things are dull that we all do a little bit more towards bringing the whole economic machine to a complete standstill by withholding every possible expenditure and retrenching in all directions. \* \* \* Hours of work must be reduced everywhere to forty-eight as an absolute maximum to prevent unemployment and commercial depression from going further. \* \* \* It will be necessary, of course \* \* \* to see that the Southern manufacturer is so regulated that the Southern mills are brought more nearly in line with those of the North in the matter of hours."

Probably the most practical way of changing the "whole psycho-





—Philadelphia Record

### **A Whole Industry Menaced by Economic Black Damp**

The chaos in the bituminous coal industry, with resulting serious unemployment and chronic under-employment, discussed in earlier issues of this REVIEW, is strikingly suggested in the above cartoon as a menace to the well-being of a basic industry.

logical attitude of the people at large" so that the "economic machine is kept from coming to a complete standstill by withholding every possible expenditure" is to adopt unemployment insurance legislation which will serve as a deterrent to the lessening of expenditures in such times.

Professor Clark<sup>6</sup> points out that, "The economy secured by an industry which curtails operations or shuts down in time of industrial depression is, from the standpoint of industry as a whole, largely a false economy, arising from the throwing of uncompensated burdens on the industries from which it ordinarily buys its materials, on the workers who lose their incomes through unemployment, and on industries which cannot make goods because the workers have not the money to buy them. Thus almost anything which can be done to eliminate unemployment will be worth what it costs to industry as a whole."

<sup>6</sup> J. M. Clark, "Social Control of Business," pp. 465-466.

On March 17 the Federal Council of the Churches of Christ in America published a well considered, informative bulletin on "Unemployment—The Problem and Some Proposed Remedies." It sets forth the seriousness of the problem, emphasizing its social and ethical aspects. The measures of amelioration which it presents for "earnest consideration and study by the churches in America" includes the Standard Recommendations for the Relief and Prevention of Unemployment long urged by the American Association for Labor Legislation—adequate provisions for federal, state and city employment services and regulation of private, fee-charging agencies; long-range advance planning of public works by city, state and federal government; the stabilization of industry, and some form of unemployment insurance.

Meanwhile there have been further developments in the movement to deal with this problem both in industry and in legislative bodies.

The Amalgamated Clothing Workers in the new agreement with the Chicago Clothing Manufacturers' Association have succeeded in raising the manufacturers' contribution to the unemployment insurance fund by  $1\frac{1}{2}$  per cent—the employees now give  $1\frac{1}{2}$  per cent of their weekly pay and the employers 3 per cent of the weekly pay roll. The agreement affects 30,000 Chicago workers.

In the renewal of the Rochester, New York, agreement, the Amalgamated has for the first time secured a provision for a joint unemployment insurance fund in that market. The fund is made up of contributions of 3 per cent of the weekly payroll, half paid by the employer and half by the employees. The Rochester Fund will cover about 10,000 workers.

At Washington on March 19 Mr. Berger introduced a bill in the House of Representatives authorizing the establishment of a bureau of unemployment insurance in the Department of Labor for the purpose of creating compulsory unemployment insurance. A resolution was introduced in the Senate by Mr. La Follette of Wisconsin and in the House by Mr. Jacobstein of New York which proposes to create a joint committee of Congress to make an investigation concerning the collection of adequate statistics on unemployment, organization and extension of public employment agencies and established systems of unemployment insurance and public works programs.

Bills recently introduced in Congress afford an immediate oppor-



—New York Telegram

### Why Not?

The need of long-range advance planning of public works to aid in stabilizing employment, long urged by the American Association for Labor Legislation, is suggested in the above cartoon. This principle, as embodied in the Jones bill now pending in Congress (see page 145), was endorsed by the President's Conference on Unemployment under the chairmanship of Secretary Hoover, and similar planning of public works to combat serious unemployment was recently invoked by Governor Smith of New York.

tunity for much-needed federal action on constructive measures to aid in combating unemployment.

The Jones Bill providing for a "prosperity reserve" for the construction of public works, as urged by the American Association for Labor Legislation, has been favorably reported by the Senate Committee. The bill<sup>7</sup> originally provided for the use of the authorized

<sup>7</sup> See "'Prosperity Reserve' of Public Works Needed to Combat Unemployment" by Otto T. Mallery. *American Labor Legislation Review*, Vol. XVIII No. 1, March, 1928, pp. 77-80.

150 million dollars when construction throughout the country, as evidenced by the value of contracts awarded, has fallen off 20 per cent as compared with an average of the corresponding three month period of 1926 and 1927. This clause was amended after the joint hearing on April 12, changing the 20 per cent to a 10 per cent decline in construction from the average of the corresponding period of the preceding three years. The change is believed to afford a much more significant measure of prevention.<sup>8</sup> If this bill is passed and signed by President Coolidge, an important part of the program of prevention will be on its way to accomplishment.

Two bills relating to the prevention of unemployment were introduced by Senator Wagner on April 20. One (S. 4158) provides for the extension of the services of the Bureau of Labor Statistics to include building construction, transportation and retail and wholesale trade figures in addition to those for manufacturing, mining and quarrying. The other bill (S. 4157) provides for the creation of employment offices on a nationwide scale under the cooperative auspices of federal and state governments.

Mr. Wagner's bill for the creation of employment offices on a national scale would put into practice the policy advocated at the President's Conference on Unemployment in 1921 and consistently urged by the American Association for Labor Legislation. Only by some such system of employment bureaus with increased facilities for gathering information will profitless debates as to the number of unemployed be avoided.

The Association for Labor Legislation, while urging and assisting in the adoption of legislation embodying the principles of its Standard Recommendations, recognizes that the steps thus far taken mark merely a beginning toward legislative preparedness against unemployment. The need for action continues even when industrial activity increases. The responsibility for intelligent action is, perhaps, all the more pressing when conditions are not such as to call for "undue alarm." The time for planning is when all energy is not of necessity consumed in temporary relief measures. Come what may in the line of comforting statements from certain active propaganda interests, an intelligent program calls for active work designed to maintain better equipped employment bureaus; to establish unemployment insurance, and to extend generally the principle of long-range planning of public works.

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<sup>8</sup> See p. 145 of this REVIEW.



## Wisconsin Commission Sees Need of Planning Public Works to Combat Increased Unemployment

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INCREASED unemployment was reported to the legislature on March 1 by the Wisconsin Industrial Commission, pursuant to a joint resolution adopted January 27 in which the commission was called upon to inquire into employment conditions.<sup>1</sup> The commission points out that "it was not necessary to undertake a special inquiry at this time inasmuch as this commission has been securing and publishing monthly data on employment and earnings since July, 1920," and says:

"The reports made by employers to this commission show that present factory employment in Wisconsin is below the level of the corresponding period of the past five years. Even in the last year (from January, 1927, to January, 1928) factory employment declined 3.4 per cent. The greater part of this decline took place during the last five months of 1927. The situation varies greatly from industry to industry. Thus, the metal working and wood-working industries, which employ slightly more than 50 per cent of all factory workers show decreases of 10.2 per cent and 3.8 per cent, respectively, during this period."

The commission reports that "information from numerous sources indicates that the number of factory employees in the United States has been declining since 1919, despite the increase in output. This decline is attributed to the more extensive use of labor saving devices, sometimes referred to as the mechanization of industry." And it adds: "Tending to aggravate the downward trend in factory employment is the fact that industry and trade are now much less active than at this time a year ago. While there has been no sudden and dramatic collapse of markets and paralysis of industry, such as was experienced in 1920, there has been a considerable decline in factory employment, unobserved for the most part except by public labor officials and others whose business it has been to give particular attention to employment conditions."

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<sup>1</sup> See "Wisconsin Acts to Combat Unemployment Through Existing Public Works Law," *American Labor Legislation Review*, Vol. XVIII, No. 1, March, 1928, p. 86.

Long-range advance planning of public works and effective use of public employment offices are suggested by the commission as immediate measures that can be taken by the state to aid in combating unemployment. It says:

"Although it is hazardous to predict what the future course of events will be, this commission is of the opinion that while factory employment will increase somewhat during the coming year and outdoor employment will also increase during the summer months, there will continue to be considerable unemployment, particularly next winter. The state itself can do little to relieve the situation, except to continue to maintain public employment offices and to arrange public works with due regard to employment conditions. While the public employment offices cannot, of course, create jobs, they can bring the jobless workers quickly and without charge in contact with such jobs as do exist. In order to properly distribute public work it is necessary to develop a program for the future as well as the present, so that funds will be available and the work wisely undertaken and carried forward."

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## Emphasizes Need of One Day's Rest in Seven

SINCE 1913 the American Association for Labor Legislation has been urging the adoption of the Standard Bill for one day of rest in seven.<sup>1</sup> Three states—Massachusetts, New York and Wisconsin—have adopted this effective legislation, but it has been extremely difficult to convince legislators or even citizens who are otherwise well informed that the problem of seven-day labor is serious.

Now comes the Standard Oil Company of California with an announcement on April 25 that it has adopted a six-day week for drilling crews in place of "the traditional seven days universal throughout the oil industry." This Company, it goes on to say, "was the first of the oil concerns to put in an eight-hour day in place of a twelve-hour day in 1917." The company also states that the eight-hour day proved successful and drilling went along as practically and as economically as before, adding that it believes the shorter week will prove equally practical and beneficial.

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<sup>1</sup> For Standard Bill for one day of rest in seven see *American Labor Legislation Review*, Vol. IV, No. 4, December, 1914, p. 630.

## Old Age Pension Legislation

ELSEWHERE in this number of the REVIEW will be found interesting articles on social insurance problems, including old age pensions, by John A. Lapp (p. 181), Leifur Magnusson (p. 189), Paul H. Douglas (p. 203) and P. M. Draper (p. 205).

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WITH seven states holding regular legislative sessions in 1928, old age pension bills were introduced in five—New York, New Jersey, Massachusetts, Rhode Island and Virginia. While final action was not taken in any of these states, provisions were adopted in two for further investigation. In New York (as outlined below) the official investigating commission's appropriation was doubled. In Rhode Island, the state commissioner of finance is directed to make a study of old age pensions, "with a view to their practical adaptability in this state." In Maine, an old age pension investigation authorized in 1927 is under way by the secretary of the State Board of Charities and Corrections and the Commissioner of Labor and Industry. In Massachusetts a bill establishing a public bequest commission and public bequest fund was passed by the Senate as supported by organized labor but opposed by a local Committee on Old Age Security.

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IN New York State the 1927 legislature **doubled** the financial appropriation for the official study of aged dependents. The continuing legislative committee—hitherto concerned with conditions in institutions—may now be held responsible for a more nearly adequate study of "the non-institutional poor."

On February 24, in a letter sent widely throughout the state, the American Association for Labor Legislation stressed the need for immediate legislative action looking to the adoption of adequate old age pensions. It pointed out that, "In New York during two years an official commission (with wholly inadequate appropriations of \$5,000 yearly) has been studying aged dependents in public institutions. Not covered by this present survey is the supremely important group of aged dependents outside of institutions. Is it not clear that the next important step in New York (where conflicting private reports now confuse the public) should be a genuine, adequate, official study of the non-institutional poor?" (See this REVIEW for March, 1928, p. 102.)

Following this, on March 7, Governor Alfred E. Smith sent a special message to the legislature, as follows:

"I am convinced that there is great need of a careful study of the problem of the aged poor who are outside of institutions, with a view to discovering what the State should do to meet this problem. A considerable number of

persons who devote their time to solving welfare problems have presented to me arguments which seem to be unanswerable, that the State should formulate a definite, intelligent policy on the subject of the dependent non-institutional poor.

"The Board of Charities at the head of the Department of Charities is admirably organized to undertake this study. All that is needed is a modest appropriation to enable them to do it. I therefore recommend to your Honorable Bodies that you pass an act placing this duty upon the Department of Charities and appropriating \$10,000 for the purpose."

While the legislature did not carry out the Governor's request to entrust the Board of Charities with the investigation, it did continue the existing legislative committee and increased its appropriation from \$5,000 to \$10,000. The committee now is faced with the opportunity of making a constructive survey of old age dependency as it exists outside of institutions. If the committee invites and secures the co-operation of existing private relief and other organizations in gathering the facts, it will undoubtedly be able to make a report of concrete service to the legislature in its action on much-needed old age pension legislation. If the report is to have proper consideration by the public and the legislature, it is important that it be submitted early in the next session, and not, like so many such reports in recent years, presented only when the legislature is nearing adjournment.

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IN Canada two additional provinces—Saskatchewan and Manitoba—have adopted old age pension legislation, entering into federal-provincial cooperation under the terms of the Old Age Pension Act adopted by Canada in 1927. Yukon Territory recently concluded an agreement with the federal government for the payment of pensions. Since British Columbia enacted an old age pension law in 1927, three provinces and one territory have thus already joined with the Dominion in this modern form of caring for aged dependents.

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As this REVIEW goes to press, the American Association for Labor Legislation has received official information from Canada concerning old age pension legislation which shows that since the first of September, 1927, over \$200,000 has been disbursed to some 2,500 pensioners in British Columbia. It is anticipated that by the first of May next the Yukon and the provinces of Manitoba and Saskatchewan will also be actively engaged on the project and 10,000 people in all will be enjoying the benefits of old age pensions.

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DR. I. M. RUBINOW, director of the Jewish Welfare Society of Philadelphia, a distinguished statistician and actuary, author of "Social Insurance," and for years a close student of social problems, contributes to *The New Republic* for April 25 a well considered and expert criticism of the report on old age dependency recently made by the National Civic Federation (see this REVIEW for March, 1928, p. 103). Dr. Rubinow properly states that "a certain critical attitude" is necessary in weighing the conclusions drawn in the Federation's report because of the well-known antagonism of this group "to all proposals for social insurance and old age pensions." He questions the Federation's use of statistical data in its attempt to minimize the problem of old age depend-



ency, including "the deliberate exclusion of aged persons, already in institutions, from this inquiry as to dependency, and failure to relate dependency to occupation. Dr. Rubinow refers to the persistence with which official commissions and legislatures have grappled with the problem of old age dependency and notes that "the American Association for Labor Legislation for many years has sponsored efforts in that direction." He concludes that, despite the opposition of certain industrial interests, "the problem will not down" and that "one may reasonably hope that the social conscience of the American people will not disregard much longer the problem of proper provision for the aged, only because some 30 or 40 per cent and not 85 or 100 per cent require it."

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"GOVERNMENT old age pensions will come," says an editorial in the *American Labor World*. "They are dictated by social justice."

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EVANS CLARK, in an article in the *New York Times*, April 1, entitled "Old Age Pensions Increase in Public Favor," refers to the recent "historical" action by France in adopting a comprehensive system of social insurance, including old age insurance, and contrasts the progress made by other countries with the backwardness shown by the United States in protecting wage-earners against illness, unemployment and old age dependency. Among the evidences in the United States of increasing interest in state action to provide modern and humane care for the aged poor, Mr. Evans cites "the active campaign being carried on for pensions by the American Association for Labor Legislation, and increasing legislative activity in this direction." The article is effectively illustrated with a reproduction of a woodcut by Douglas Percy Bliss under which appears the eloquent line—"Old Age Pensions Counteract the Spectre of the Poorhouse."

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A CAMPAIGN has been initiated in Pennsylvania to bring about final adoption of a constitutional amendment permitting old age pension legislation. The old age pension act of 1923 was nullified by the courts because of a peculiar provision in the Pennsylvania constitution. The 1927 legislature failed to pass a bill submitting the necessary constitutional amendment to the voters. As an aid in the present campaign the Fraternal Order of Eagles sent a questionnaire to all legislative candidates asking for their views on an old age pension constitutional amendment which will again be submitted to the legislature.

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DISCUSSING pitfalls to be avoided in old age pension legislation, Prof. J. P. Chamberlain of Columbia University, at a national conference on old age dependency held in New York City, April 10, said: "Don't depend on persons learned in the law. Depend on persons learned in the facts." He urged that civic and social service organizations familiar with the problem of aged dependency cooperate to the fullest possible extent with the official investigating commission in New York State in bringing out the facts concerning the non-institutional aged poor. Leifur Magnusson, director of the Washington Branch of the International Labor Office, declared that America lags behind Europe in recognizing that care of the aged poor is a social obligation.

(Mr. Magnusson outlines European progress in an article on page 189 of this REVIEW.) James H. Maurer, president of the Pennsylvania State Federation of Labor, and formerly chairman of the Pennsylvania Old Age Pension Commission, described appalling conditions he had found in poorhouses and said that "an almshouse is an expensive luxury for the tax payer and a hell on earth for the inmates."

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COMMISSIONER OF LABOR W. A. PAT MURPHY of Oklahoma is actively urging adoption of an old age pension law. A recent news story in the *Tulsa Tribune* reports that, "As to the old age pension bill, Murphy continues to receive much support from within the state, while the American Association for Labor Legislation has assured him it will have available, before the next legislature meets, a study of the actual working of the law in the six states and one territory where it is in effect. Likewise the Association will furnish its standard minimum bill."

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CREATION of a commission of fifteen "to inquire into the subject of old age dependency in the United States and proper method of its relief, and to report back its findings within two years," is proposed in a joint resolution (H. J. Res. 278) introduced in Congress April 19 by Representative Sirovich of New York.

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A BILL to provide a federal system of old age pensions has been introduced in Congress by Representative Berger of Wisconsin. The bill proposes a pension, to be paid out of appropriations by Congress, of \$8 a week to persons 60 years of age or more whose income from other sources does not exceed \$8 a week.

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FOUR old age pension bills were recently signed by Governor Smith of New York providing that a city employee entitled to a pension may retire at his or her request at the age of 55 years; that New York City's retirement system be reopened to employees who have not joined it; that an employee who is involuntarily separated from the service through no fault of his or her own is entitled to a pro rata pension, and that the disability clause, which deprived a retired employee from receiving full pension, be abolished.

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SAYS the Lowell (Mass.) *Telegram*: "The 'Standard Bill' for old age pensions which the American Association for Labor Legislation will put forward in the 1929 session of \* \* \* state legislatures \* \* \* is bitterly attacked by an editorial in the current issue of *Barron's Financial Weekly* as a long step in the direction of Socialism. *Barron's* fears that with similar systems already established in Montana, Nevada, Wisconsin, Kentucky, Colorado, and Maryland, the bill stands a good change of carrying the country \* \* \*." *Barron's*—an organ of high finance—professes to be outraged at what it calls this Association's progress "in emancipating the worker from the duty of providing for his own, his wife's, his mother's, and his father's old age." It has no suggestion to offer, however, as to who is to provide for the wife, the mother or the father of 70 years of age or over who have no "worker" to support them.

THIS REVIEW for December quoted a dispatch from Springfield, Mass., headed **"TOO OLD, ENDS LIFE."** It said: "They were going to send Mrs. Elizabeth Woods, 68, to an old ladies' home, but attendants found her dead in her own kitchen. A tube from which poured illuminating gas was in her mouth." Now comes a similarly tragic story from Salem, N. J., headed **"RECLUSE, 70, ENDS LIFE TO KEEP OUT OF POORHOUSE."** It says: "Choosing death rather than life in the county poorhouse, Gibbe Jamieson, 70, killed himself as county officers were gathering together his effects for the removal. Weeping, he watched the officers. Then, suddenly, he reached under an old couch, and produced a revolver, shouting: 'I'd rather die than go to the poorhouse!' He shot himself through the head."

The American Association for Labor Legislation is urging the adoption of a modern plan of old age pensions so that non-institutional aged dependents, instead of being sent "over the hill to the poorhouse," may remain in familiar surroundings and among their few remaining friends. It has for several years been calling attention to this problem and urges desirable legislation based on the "Standard Bill." Special support for this work is earnestly invited.

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## Non-Institutional Aged Dependents in San Francisco in Need of Old Age Pensions

A STUDY of the dependent aged in San Francisco by committees of the University of California and the San Francisco Community Chest,<sup>1</sup> recently concluded, comes as an illuminating addition to the many private and official inquiries showing the need for old age pension legislation. It is of timely value in California, where an old age pension bill passed the legislature in 1925 but was vetoed by the Governor, and where an official investigation of old age dependency is now under way. Attention had been called so frequently to the unsatisfactory manner in which non-institutional aged poor were cared for locally that the committee was convinced of the need for a survey.

According to the Committees' finding there were 21,156 people who had reached the age of 60 or more years dependent in some degree upon the community of San Francisco in 1925—1,137 were in county Relief Homes, 375 received outrelief, 364 were in five private pay homes, and 280 in the Little Sisters' Home. The total expenditure per capita per year amounted to \$300, a total annual expenditure of \$625,000.

Unwise investments, uncompensated accidents, sickness, sudden death of the bread-winner of the family, the fire and earthquake of 1906, industrial

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<sup>1</sup>"The Dependent Aged in San Francisco." Prepared under the Heller Committee for Research in Social Economics of the University of California in collaboration with the Coordination Committee of the San Francisco Community Chest. Berkeley, University of California Press, 1928. 127 pp.

changes—such as the breakdown of certain skilled trades which results in the inability of highly skilled workers to find jobs—destitution and loneliness, and above all, childlessness and widowhood are factors entering into the cases studied.

"In most cases \* \* \* the case story is a promiscuous tangle of character defect, unfortunate family life, economic insufficiency and business disaster," says the report, which adds:

"Fairness in judging those who in old age become social dependents would seem then to dictate a judgment of human nature less wholesale and adverse than the one implied in the contention that any universal provision for old age would simply tend to increase the number of shiftless and that not all ne'er-do-wells can save for their latter days. If these cases are typical, and the results of other studies warrant believing they are, a more just view of the matter requires the avowal that adverse conditions enter into most of the cases and that the most fortunate circumstances of birth, training, and economic opportunity may not protect the occasional individual from the poor-house or its equivalent."

Both San Francisco and Alameda Counties maintain almshouses to which many of the aged poor are reluctant to go because of the definitely institutional atmosphere—the dealing with *masses*, not individuals.

Alameda County, in addition to institutional relief, provides opportunity for one-half of its aged poor to remain in their homes through a county system of outrelief. "In addition to the merit of meeting the personal needs and desires of the old people," the report states, "the Alameda County system of outrelief has the additional advantage that it costs less than caring for the aged poor in an institution. It encourages the old people to make such efforts as they can to earn part of their living. Outrelief saves the face of these aged dependents."

But San Francisco County relies on voluntary contributions to keep the aged poor anywhere save in the almshouse. "A small but by no means negligible body of old people are thus left without the bounds set for county care. An aged couple accustomed to the privacy of family and home; an old man or old woman who has acquired habits of privacy in earlier life; the old person who has a home but no income; such as these are ordinarily reluctant to go to institutional dormitory life and unhappy if forced into it. In San Francisco old people of this kind must depend upon the private charities. Hence private relief agencies find themselves annually called upon to spend thousands of dollars monthly on the care and maintenance of aged persons whose pitiful condition is brought to their attention." The difficulty in San Francisco County is the fact that the present policy cannot be changed until a change is made in the charter. For the charter limits the power of the supervisors to caring for the poor in almshouses or hospitals only.

Neither county, however, spends \$360 per capita per annum, an amount "which all students of the old age pensions regard as that which will buy the aged a minimum of health and decency in goods and services." Had it not been for the services of private agencies "so valiantly given" in the form of institutional care and outreliefs, the situation would not have been saved from "one of serious abuse."



# The High Cost of Being Sick

By MICHAEL M. DAVIS

(EDITOR'S NOTE: Dr. Davis, who is an authority on health problems and whose service as consultant to the Associated Out-Patient Clinics Committee of New York City has brought him in close touch with the individual tragedies resulting from sickness, sets forth in the following article not only the high cost of being sick but also the "uneven incidence of sickness." In this fact that sickness is distributed unevenly lies the need for the insurance method of protecting wage-earners, as Dr. John A. Lapp points out elsewhere in this REVIEW. And it is through Social Insurance that such protection is given universal application.)

A MAGAZINE writer complains that it cost a certain sufferer \$250 (besides hospital charges) to be relieved of a pair of tonsils. The next month a physician rises to protest that he knows a number of competent doctors who will do the operation for \$40. At almost any afternoon tea we may learn that well-to-do Mr. Jones paid for the extraction of his appendix the sum of \$1,500, of which \$1,000 was the surgeon's fee, while John Brown, having the same operation in less luxurious quarters in the same hospital, got off with a total bill of \$200, which nevertheless was the equivalent of a month's income. We hear tales of those who have sought diagnosis from a number of specialists, and, having secured an equal number of opinions at a cost of from \$100 to \$500, do not know which opinion to take. We are told of wage-earning families whom sickness plunges into poverty, and of middleclass families who for the same cause are burdened with years of debt.

The cost of being sick can be studied from the standpoint of the expense of particular illness. A few illustrations from many hundred available cases will be given.

Take a minor disease, acne, commonly known as "pimples." A skin specialist estimated that the minimum charge to a patient would be \$70 for treatment, mostly by X-ray, running over a period of between three and four months. His figure for a patient of means was \$210, and for a middle-group patient, \$140. For another skin disease, a case of eczema in a child of one year, not requiring such an expensive type of treatment, another doctor's charge book showed a bill of \$46, itemized as follows: 7 home visits, \$28; 6 office visits, \$18; 6 urinalyses, no charge. The period of time covered was nearly six months.

Nearly all families have the experience of needing the eyes of some member examined to see if glasses are required. A number of these "refraction cases" showed bills of from \$10 up to \$45, the additional expense for glasses depending on the kind of lenses prescribed and the sort of frames selected.

Syphilis, that social scourge, is expensive to treat. One case cost the patient \$255 during a period of nine months; in another case the bill had amounted to \$545 after about twenty months.

Flat-foot is common. One man with flat-foot paid, during a period of three months, \$75 to \$80 for treatment, including the cost of special shoes, massage and exercises. Several cases of abscess on the neck ranged in cost from \$69 to \$110, including the operation, for which the fee was \$15 to \$20. A case of gastric ulcer, not requiring a surgical operation, but treated by medical means, cost in one year \$112 at minimum private rates, of which about \$40 was for the laboratory work. There was additional expense for special diet for the patient at home to an amount not known to the doctor. For a mild but chronic case of kidney disease, one patient paid over a hundred dollars during the first year of his treatment, about half of which was for the making of the diagnosis (many laboratory tests); and about \$50 a year for continued care for several years thereafter.

Do these rates seem high or low to the reader? Perhaps that depends on whether one is trying to square them against a family budget of \$2,000 or of \$10,000. To add to the list several hundred other cases that are in hand would be wearisome. More profitable will be the summary of the cost of medical care as reported in 1924 and 1925 by eighty physicians of Brooklyn to a committee of their own county medical society. In over half of the 299 cases which these 80 physicians reported, the expense to the patient was more than \$100, but in only one-quarter of the cases did it run above \$200. The patient's bill for professional fees in these cases ranged in short illnesses from \$5 to \$300; in long, acute illnesses, from \$50 to \$700; in chronic illness, from \$25 to \$250.

The rates of the Brooklyn doctors are lower than those across the East River and correspond to cases secured from smaller communities. Thus the usual rate for an office visit was reported at the time as being \$2 for general practitioners and \$5 for specialists. The corresponding figures for visits to the patients' home were usually \$3 and \$10. Some specialists, however, charged less, and some general practitioners more than these figures. The lowest rates reported were fifty cents for an office visit and one dollar for a home visit; the highest rates were \$15 and \$25. For operations the reported fees ranged from \$50 to \$500; for consultations, from \$25 to \$100.

The "high cost of babies" seems often to have been a fiction in Brooklyn at this time. Thus one practitioner showed his charge

book for three cases, all confined at home, in which the patients had paid, respectively, \$50, \$55 and \$75. The variations were due to the greater or less number of visits required, before or after delivery, according to the condition of the mother. The figures do not, of course, include any nursing or other costs at the patient's home. On the other hand, a physician specializing in obstetrics showed record of a case in which the baby had been delivered in the hospital. The doctor's fee was \$150, and the hospital charges for ten days brought her total bill to \$305.

One paragraph from the published report of the Brooklyn doctors makes an interesting economic classification of diseases:

1. *Cases of short duration with heavy expense:* hernia, \$723; fibroid of uterus, \$298; appendicitis, \$375; gall bladder, \$274; skin cancer, \$100; operation for convergent strabismus, \$164; confinement cases, \$50, \$110, \$289.

2. *Cases of long duration with heavy expense:* bronchial pneumonia, \$210; gastric ulcer, \$252; acute urethritis, \$151; traumatic neurosis, \$710; compound fracture, \$937; mastoiditis, \$229 (reduced fee); ovarian fibroid, \$234 (reduced fee); chorea, \$200 (reduced fee).

3. *Cases of long duration with light expense:* pneumonia, \$55; fracture, \$13, \$60 (reduced fee), \$118; pyelitis, \$42 (reduced from \$50); scarlet fever, \$36; endocervicitis, \$36.

4. *Cases of short duration with light expense:* otitis media, \$20; quinsy, \$15; ringworm, \$21; hemorrhoids, \$19; tonsilitis, \$10, \$30 (reduced fee).

5. *Cases of long duration with distributed expense:* hypertension, \$190; nephritis, \$235; diabetes, \$150; aortitis, \$165 (reduced from \$330).

I have deliberately excluded examples of the high fees for surgical operations which as a rule startle the community more than they do the wealthy patients who pay them, and I take for granted what we all know to be the generous and continued forbearance of many medical men to patients of limited means. Their reductions of fees are familiar to the public, and all too familiar to the conscientious physician who must face the conflict between service and self-support.

If we regard the statistics of the cost of care of individual illness from the point of view of the doctor, the nurse, and the hospital, we are led to conclude that adequate care for "an illness" will vary with the nature and duration of the illness, and may be anywhere from \$5 to \$1,000, leaving out the upper luxury levels. The cost of diagnosis and treatment nowadays varies so widely that any average cost of care for "an illness" would be meaningless. If we also regard the same figures from the point of view of the patient, we come to the conclusion that what matters is hardly the cost, but rather the relation of the cost to his annual budget.

The discussion of sickness in this paper is made with full recognition of the overshadowing importance of prevention as contrasted with curative work. Both from the standpoint of human benefits and economy, prevention pays. Nevertheless, society faces, and will continue to face, a large and considerable burden of sickness, and the most rapid application of preventive work that we can hope for will only diminish and will not abolish the sickness burden. The burden of sickness will, moreover, continue to be uneven in its incidence, and hence to cause disaster to those individuals upon whom the heavier burdens fall within any given year. It should also be said that the use of the term "cost" in this paper is not intended to include anything but the money cost of caring for sickness. The words "outlay" or "expense" might perhaps be more accurate, since in the larger sense of the word "cost," there would have to be included the wage loss due to sickness, the losses due to productive inefficiency, to diminished purchasing power, etc.

So much for the statistics of the cost of care of individual illnesses. We may also study the cost of being sick by investigating the annual expenditure of individuals and families for the care of sickness.

If we are dealing with the diet of a family, and if we know the number, age and sex of its members, we can calculate in advance quite closely the amount of food that will be needed to keep that family nourished for a year, and can also estimate with considerable accuracy the minimum necessary cost of that food. So, too, with the family's requirements for rent and for clothing, for these, like food, are daily or regularly recurring needs. But with sickness no such advance estimates are possible. From Uncle Sam's studies we know that the average family among nearly 17,000 city and farm families spent \$60 or \$70 in a year for the care of illness. But does that help us to decide how much **our** family shall need to spend during **next** year? Not a bit.

Fortunately, there are facts available which will take us nearer to the "living realities behind the average." During 1922 a public health nurse under the auspices of the Committee on Dispensary Development of New York followed intimately for seven months the conditions of health in the population of a single block on East Thirty-ninth Street, Manhattan. Systematic reports of all illness occurring were secured. Four hundred and thirty-six cases of illness were reported from an average population of 1,800, but these 436 **cases** occurred among



292 individuals, several of whom, as will be seen, were sick more than once. There were 400 different families in the block. The 292 sick persons were in only 160 families, 40 per cent of the total. In 60 per cent of the families no sickness was reported during the seven months. Here is an illustration of **the uneven incidence of sickness**. The uneven incidence of expense follows as an inevitable consequence.

For another and significant angle of the situation we might go back to one of the first family budget studies in this country, that made in 1907 in New York City by Professor R. C. Chapin. Analyzing expenditures for the care of sickness in workingmen's families, classified by income groups, he demonstrates that expenditure increases with income. Both the numbers and the percentages of the families reporting the smaller expenditures were larger among the lower income groups. Chapin then goes on to show that the numbers of families reporting serious illness were pretty evenly distributed throughout the income groups, that the increased expenditure was due to increased funds available for care and that lack of means rather than lack of sickness prevented the outlay in the lower income classes. The uneven incidence of sickness was **not** an unevenness in relation to family income.

In a study by the Public Health Committee of the New York Academy of Medicine, in 1918, information was secured of the expense for medical treatment among 366 families with low incomes. The average number of persons in these families was five and a half, and the weekly per capita income was not over \$6.50, or some \$1,800 a year for a family of this size. The study did not report, and wisely, the "average" family expenditure for sickness. It did report this illuminating **distribution of expenditure**:

Of the 366 families—

16%	spent Nothing
37%	" Less than \$11.00
20%	" \$11.00 to \$20.00
11%	" \$21.00 to \$30.00
8%	" \$31.00 to \$50.00
2%	" \$51.00 to \$70.00
1%	" \$71.00 to \$90.00
5%	" Over \$90.00

Fifty-three per cent of these families spent less than eleven dollars in a year for the care of sickness. Undoubtedly a certain amount of charitable care, free or at low rates, was secured, though these were selected as self-supporting families. On the other hand, 5 per cent, or eighteen families, had so much sickness that they

expended over ninety dollars apiece. These eighteen families spent about as much for sickness as the 184 families in the two lowest groups! Upon them fell the heavy burden, but it was by no means necessarily true that they had any larger means wherewith to meet it.

A similar illustration was given by Dr. Lee K. Frankel, who referred in an address to a study of 600 working women's budgets, by the Industrial Commission of California, stating that only 50 per cent of the group showed any expenditure for a doctor or for medicine and that one-half of the entire expenditure for sickness in the whole group was borne by 3 1/3 per cent of them. The uneven incidence of sickness was again shown in 1922 in a review during one month of the physical condition of 281 families known to the Association for Improving the Condition of the Poor of New York. During this month, 16 per cent of all the persons belonging to these families were sick, and all of the sickness occurred among slightly more than half of the families.

The most recent and accurate information that we thus far have on the incidence of the burden of sickness is from Hagerstown, Md., where the United States Public Health Service has followed a large part of the population through a period of over two years. Of 4,420 persons whose state of health was reported on throughout a continuous period of 26 months:

20% had no recognized illness at all during the period;

25% were sick once during the 26 months;

20% were sick twice during the period or about once a year;

35% were sick four times or more during the period or an average more than twice a year.

When in 1918-1919 the United States Bureau of Labor Statistics made its monumental study of the budgets of 12,096 families, the expenses for caring for sickness were of course included, and not a little attention has been devoted to the average expenditure for sickness of \$60.39 tabulated from the report of these families. Through the courtesy of Commissioner Ethelbert Stewart, a special tabulation of the 2,046 families was made, showing the actual **distribution** of the expenditure for sickness, that is, the number of families reporting various specified amounts of annual expenditure. These families were in the six cities of Boston, New York, Philadelphia, Cleveland, Chicago and St. Louis. The following table shows some of the enlightening results of this inquiry. I am greatly indebted to Commissioner Stewart for this cooperation, and others should feel great-

ful also, for the distribution of the expense of sickness revealed thereby, is extremely important.

DISTRIBUTION OF EXPENDITURE FOR SICKNESS AMONG 2,046 FAMILIES  
IN SIX CITIES

Expenditure Per Family Per Year	Number of Families	Per Cent	Total Expenditure
0	37	2	0
\$ .01— \$4.99	108	5	\$324
5— 9.99	126	6	1,008
10— 19.99	293	14	4,688
20— 29.99	247	12	7,422
30— 39.99	230	11	8,050
40— 49.99	201	10	9,045
50— 74.99	344	17	20,640
75— 99.99	171	9	15,045
100—249.99	247	12	37,050
250 & Over	36	2	9,300
Total	2,046	100	\$112,572

Notice how unevenly the expenditures fall! Thirteen per cent of the families expended less than ten dollars in the course of a year. From other sources we learn that most of this money went for drugs and medicines. On the other hand, 14 per cent of the families spent more than \$100 and 2 per cent more than \$250. The thirty-six families who were so hard hit by sickness as to cause them to expend more than \$250 apiece paid altogether a total of over \$9,000. On the other hand, 564 families spent altogether only \$6,020. Thirty-nine per cent of the families paid out less than \$30, or less than half of the "average," while the 14 per cent who had to spend more than \$100 bore 40 per cent of the total financial burden. Fifty-five per cent of the total burden fell upon 23 per cent of the families.

Evidently the truth of the matter is that these 2,046 families were made up of a large group upon whom fell little sickness and only light expenditure during the year, and a small group upon whom there came a heavy sickness charge and a burden difficult to meet without disaster. If it were only possible to tell in advance into which group any particular family, such as our own, would fall!

Very close to the same percentages are shown in Professor Jessica B. Peixotto's new book, "Getting and Spending at the Professional Standard of Living," of 96 families of the faculty of the University of California. One-quarter of the families spent less than half of the "average" annual expenditure for sickness, while one-sixth had to spend from two and one-half to ten times the

average. Among these were five families, two of which had incomes under \$5,000, who spent each between \$1,000 and \$2,000 for health.

I stress this uneven distribution because popular writers, physicians, hospital managers, social workers, and (dare I say it?) even economists and statisticians have been accustomed to treat the finances of sickness as they have the finances of food, shelter, clothing or other regularly recurring items in the family budget. Much effort has been spent to collect facts showing the annual expenditures of families for sickness and for other items. The sickness items are averaged, and an annual allowance is included in the annual budget of \$1,800, \$2,000 or \$2,400 deemed adequate for a certain size family with a certain standard of living. A doctor writing in the *Atlantic Monthly* of December, 1927, says:

A certain amount of illness will overtake any family. A budget for this will release a family from all fear of that evil day. p. 861.

To speak thus in terms of average annual allowances for the care of sickness implies two assumptions:

1. That we can provide against sickness as we do for food, or rent, or clothing, or other regularly recurring necessities.
2. That sickness falls upon most individuals and families with comparative evenness year by year.

We know that the second assumption is untrue. Are we not convinced that the first assumption is untrue also?

We find the idea of budgeting for sickness as we do for food and clothing in many minds, not only among physicians who write letters to magazines. The physician who is considering whether or not he should reduce his fee to a patient is likely to be proceeding on the same theory. We find that in the carefully prepared budget of the United States Bureau of Labor Statistics in 1919 in which a proper "American standard of living" was believed to require \$2,262 annual expenditure for a family of five, an allowance of \$80 was made for the care of health. We find in January, 1925, the Visiting Housekeepers' Association in Detroit, who planned a budget similarly for a wage-earner's family, came to the conclusion that the necessary annual income was \$2,152 at that place and time and included in the budget an allowance of \$82 to provide against sickness. In many hospitals and out-patient clinics family budgets of this type are utilized by admitting officers for the purpose of deciding whether or not a patient can pay for a private physician, or, on the other hand, whether he should be admitted to a ward or out-patient clinic and receive medical service without charge. Charity organization societies in a number of cities have prepared, or secured from University departments, budgets in which average



annual allowances for the care of sickness are included. Uncritically, there has been assumed the theory that sickness can be budgeted as can expenses for food and clothing.

A series of reports of minimum wage-boards in Massachusetts from 1919 to 1925 include annual budgets which are regarded as reasonable for a working woman in a certain industry, as a basis for wage determination. In these budgets is included a money allowance for the care of sickness expressed on a weekly as well as a yearly basis. It is suggested in substance, that there be put aside a certain sum to provide against sickness, a sum, by the way, which usually ranges from twenty-five to fifty cents a week in these and similar estimates by minimum wage-boards in other states.

In the industrial field, budgets prepared in connection with wage adjustments follow the same procedure. Thus a series of budgets were prepared in 1921 and 1922 in the printing and building trades and by various organizations since then for wage-earners' families, with specific allowance for sickness.

The actual amount of the allowances included in these official and unofficial budgets is not the significant point. Whether \$15 or \$30 is allowed for an individual as an annual expenditure for sickness, or \$60 or \$80 be allowed for a family, the result is the same. Sickness falls in such uneven incidence, that the 30 per cent to 35 per cent of the population who, during any given year escape with little or no sickness, have no real burden to bear. Any such allowance is more than sufficient, if a family happens during any given year to be in this lucky group. But on the other hand an allowance of \$60 or \$80 or even much more is less than the minimum cost of care for a single serious illness, such as a definite and not small fraction of the population experiences annually. The theory and practice of annual allowances for sickness means distress if not catastrophe for this group.

I am not blind to the fact that a figure showing the average sickness expenditure of families or individuals has certain uses. It should be used, however, only to apply to groups. It is unsound and dangerous to use it as a basis for planning for individuals or particular families, just as the general death-date of a population is of immense value when applied to public health purposes affecting groups or communities, but has no value as a basis for judging the length of an individual's life or guiding the individual's hygiene. I am sure that this audience agrees that an average figure for sickness expenditure can rightly be used only in practical application to groups, not to individuals, but neither the medical profession

nor the general public is convinced at the present time that it is necessary to deal with sickness in terms of groups. They commonly think of sickness, and of the payment for sickness, wholly in terms of individuals. Average figures are consequently applied incorrectly to individual problems. May I emphasize that I am not discussing here the amount or incidence of sickness itself, but the amount and incidence of the financial burden of sickness? The two are connected, but they are not the same thing. We have had a small but recently increasing number of more and more careful and authoritative studies on the incidence of sickness. We have hardly begun to study the financial burden of sickness, and several of the studies that have been made have been conceived on the wrong basis, so that they have befogged if not hidden the real nature of the problem.

I do not end this paper with a practical program as to the manner of dealing with the financial problem of sickness. I do wish to conclude it with a strong expression of hope that in the near future it be more studied than in the past, and studied by methods appropriate to the nature of the subject. The contribution most needed is facts which will reveal more clearly to the practical workers, as well as to the scientific students, the nature and degree of the financial problem of sickness and thus provide the basis on which sound, practical programs may be formulated. The people who flinch or fall under sickness bills, and the doctors and hospitals who suffer from bills uncollected and uncollectible have a common interest in dealing with this situation. Economists, statisticians and other social scientists have at hand methods and resources through which, if rightly applied, they can make a contribution of the first importance, from both the scientific and practical points of view, to a present situation which is distressing to many of the population, and which is attracting an increasing amount of attention from the general public.

The idea of an uneven incidence of sickness corresponds with common experience, but as this paper has endeavored to show, we have not searched that experience completely, and have not altered common and erroneous practices of dealing with the financial problem of sickness. We need to make our experience both more extensive and also more accurate through quantitative studies. If I were to formulate a program here and now, I would have to say, "Damn the average and demonstrate the incidence." Such a program is one of research rather than of action, but we need it as a prerequisite of sound thinking and effective action.

# Advantages of Insurance in Distributing the Cost of Illness and Old Age

By JOHN A. LAPP,

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(EDITOR'S NOTE: Dr. Lapp's outstanding contributions to the progress of social insurance in America are well known and are typified by his service a few years ago as director of investigations of the official Ohio Health and Old Age Insurance Commission. In the following article he shows that "illness and old age are peculiarly of the type of risks that needs insurance because of the unevenness of the incidence of these calamities." He writes that the title of this article "would better conform to my temper and understanding if it were to read "There is No Substitute for Social Insurance in Distributing the Cost of Illness and Old Age.'")

THERE are plenty of advantages and there are no serious disadvantages to the distribution of the cost of illness and old age by means of insurance. Both illness and old age are economic risks, both are measurable economic risks. Any risk which is measurable is a proper field for insurance. Illness and old age are peculiarly of the type that needs insurance because of the unevenness of the incidence of these calamities. Insurance is not designed for normal happenings that come to all in like proportion. It is intended for protection against risks that are of the proportions of a calamity. Insurance is not designed for evils that are more or less evenly distributed. An approximate even distribution is insurance itself. The end of all insurance is to distribute the economic weight of special calamities over large groups. Insurance is designed against the elements of chance. We do not insure against things that are certain to happen. We insure against calamities that are likely to happen to anyone and which when they do happen are seriously destructive to individuals. Insurance is, therefore, directed against disasters which by chance come to individuals and destroy their economic power.

The questions we must answer with respect to sickness and old age relate to unevenness of distribution and to measurability of risk. Do the burdens fall unevenly, and can we determine the average losses? To these questions we must give affirmative answers both as to sickness and old age.

First as to sickness. Sickness is an accident falling unevenly upon its victims. Most people escape sickness entirely in the course of a year. About twenty per cent of the workers have

a disabling sickness lasting more than seven days. The principal part of the whole burden of sickness in any one year is borne by this unfortunate minority. Among the forty-two million people engaged in gainful employment about eight million four hundred thousand people will have a disabling sickness lasting more than seven days during the coming year. The other thirty-three or thirty-four millions will escape practically entirely with the exception of minor disabilities. Of those that are sick sixty-five per cent will suffer disability for less than thirty days. The other thirty-five per cent, numbering nearly three million, will be disabled for more than thirty days. Three per cent of those who are sick, or about two hundred and fifty thousand, will be sick for more than six months and fully one hundred and twenty thousand of these will be disabled for more than one year. While a sickness experience table after years of refinement might give us these figures with greater exactness, it is probable that under existing health conditions there would not be any very great variation from these figures which are borne out by studies of the Metropolitan Life Insurance Company and various commissions on health insurance, including those of Ohio, Illinois and Pennsylvania. The figures indicate strikingly that **sickness is distributed unevenly.**

Secondly what is the measure of the extent of sickness? Here again we have facts of a fair degree of definiteness to prove that sickness is measurable. Innumerable studies uniformly have come to the conclusion that there is an average sickness of about nine days per year per worker and that the average loss of time from work is about seven and one-half days for each worker. With such data the burden of sickness may be calculated. Assuming an average wage of four dollars a day we find that the average loss of wages would be thirty dollars apiece and the total loss of forty-two million workers would be about one billion, two hundred and sixty millions. If we were to provide for insurance for the payment of one-half the wages of men during disability we would have to calculate on raising fifteen dollars apiece, assuming the average wage at four dollars a day. The sum of fifteen dollars apiece paid into an insurance fund plus the cost of management would give the resources necessary to meet one-half the wage losses of workmen on the basis assumed.

There is another cost which accompanies sickness and is also



distributed unevenly, namely, the cost of medical care. Roughly speaking, the cost of medical care would be proportionate to the length of time confined—with the exception that special services and surgical care would throw some of the short term sicknesses out of balance. It is not so easy to determine the actual cost of medical care for a group of workers as it is to determine the financial losses. Many estimates have been made and usually they do not vary so very much as to cast doubt upon them. Before the war the U. S. Public Health Service estimated that six dollars on the average would provide for the medical service of the working people. Fees and costs have risen considerably since then and probably are double what they were. If we were to add the cost of medical service for the families of the workers as well as for the worker himself we would probably find that on the average from fifteen to twenty dollars per worker would be the approximate amount necessary for medical, surgical and hospital care. Combining the loss of one-half the wages and the cost of medical care, we may calculate that from thirty to thirty-five dollars per worker per year would provide for such losses and furnish medical service more extensive and of higher quality than that to which the poorer paid worker ordinarily has been accustomed. A plan of insurance entered into by employers and employees jointly would require comparatively small payments from each party to provide this great social boon of protection against disabling sickness.

There is no other way of distributing the burden except partially. The state could provide through state medicine for medical care for all workers at public expense. The state could theoretically provide for payments from the public treasury to those who are sick. However, the difficulties attached to either program would be insurmountable. Private insurance companies might theoretically insure workers against sickness; they do to some extent already. But without universal application little social advantage would come from a coverage of a part of the workers. The great mass who would need the protection most would remain without it, except it be provided through an all-inclusive compulsory process.

The measurement of the cost of sickness will err on the side of safety. This is true because the improvement in health makes for continued decrease in economic losses from disease. Life insurance or health insurance which based its calculations on figures of thirty years ago would find to-day a handsome surplus as a result of

health improvements. Last year there were over six hundred thousand people in the United States who did not die who would have died under health conditions similar to those of 1900—only twenty-seven years ago. Applying the rule that there are two cases of serious sickness for every death, we find that there were one million, two hundred thousand cases of serious sickness that did not occur last year that would have occurred without the improvements since 1900. A good part of the improvement was in the saving of infants under one year of age. Fully two hundred and fifty thousand of those saved were in this group. The remaining three hundred and fifty thousand were in the older groups, especially among the aged. All the improvements which take place help to safeguard the actuarial estimate of losses. We may expect even greater safety in actuarial estimates in the future when the attack on the diseases of middle life begins to show greater results. Thus far the changes have not been as striking in this group as in the younger and in the older ages.

The calculation of the cost of medical care should take account of the savings in the sickness of infants and aged people, as well as of the workers, because they are practically all included in families who would come under a general health insurance plan if one were in operation on a community-wide basis. It would be difficult to measure the probable changes when the improved health conditions had begun to reflect themselves in the cost of insurance—that is when men began to realize from the evidence of the facts that the prevention of sickness pays. Undoubtedly a stimulus would be given to health protection such as has never been felt before. It is quite probable that such stimulus would increase the amount and cost of medical service rather than decrease it, but a larger portion of medical service would be on the preventive side. At any rate funds would be available on a larger scale than ever before for a real application of prevention measures.

The advantages of insurance in taking care of the aged who have not sufficient means of support are also apparent from a review of the actual problem. Old age is a measurable risk. We know with the precision of mathematics just how long on the average under existing conditions people will live. We know with like precision how many will die at sixty, seventy, eighty and ninety. We know the expectancy of life of a group at any age. We know of a group at any age how many will reach the different mile posts of life.

All these facts have been worked over, summarized, and made precise in the experience tables of insurance companies and in the life experience tables of the United States Census Bureau. The figures disclose the opportunity for the perfect application of the insurance principle. Death is a very uncertain calamity in the time of its coming to an individual. It is a very certain calamity as applied to the group. When we apply the principle to old age we are thinking, however, not so much of death as we are of living. Our problem is not to pay for deaths but to stretch incomes over an uncertain length of years.

The man of modest means at sixty-five or seventy years of age, when earning capacity or opportunity has ceased, faces the dilemma of making his small means cover over a period that may be one year or may be thirty. If his property is sufficient so that he can live upon the income he need worry about nothing except the disposal of the principal at death. If, however, the income is not sufficient for living, or if calamity comes, or if violent changes in price levels take place, it is difficult to assure one's self individually throughout the remainder of life even with means that ordinarily would be deemed sufficient. What the aged want is certainty of income for uncertain length of time. Insurance is the only method by which that can be brought about. We ought to encourage in this country the practice of buying annuities. Aged people should be brought to see that it is better to have a minimum living definitely assured than it would be to keep possession of property with all the possibilities of loss and all the uncertainties of length of years. We have been too individualistic in the past to think in terms of cooperating mutually through private or public insurance to even out the path along which the aged must go. Private insurance companies have not offered prospects alluring enough nor have they done much to educate people in the desirability of purchasing annuities. The public ought to lead the way not only through education but through the development of publicly managed annuity systems. The annuity plan for the aged makes of the highway of life a grand vista down which the aged may look with security, hope and content to the promised land.

Thus far I have been talking of those who have means sufficient to provide for themselves in old age. What about those who have not sufficient means. They constitute by far the greater number and doubtless their proportion will increase. Society, unsafe-

guarded against calamity as it now is, cannot expect a majority of the people to avoid the pitfalls of life and reach old age with enough means for their continued support. Each of the calamities of life takes its toll of human power, resources, and spirit. War, sickness, accidents, unemployment, business failure, sweep away resources and undermine the physical capacity. Inadequate wages keep millions from even the aspiration to rise. Deficient inheritance as well as deficient opportunity adds to the mass of those unable to attain economic security for old age. Immorality and vice also take their toll but with the victims of these causes we are not here so much concerned. I am speaking now of the great body of self-respecting, self-supporting people who would with proper opportunity and in the absence of calamity, be likely to have some resources for old age. These are the ones we must plan to provide a modicum at least of old age happiness. Under present conditions happiness and content to such are out of the question.

When we have devised social insurance against sickness and unemployment, when we have extended accident insurance to meet more fully the permanent losses to the disabled, when we have provided for insurance against accidents occurring outside of industry, when we have made living wages an accomplished fact, and when we have safeguarded investment bonds and guaranteed bank deposits, we will have done much to strengthen the economic position of the workers as they pass along to the stage when they must depend upon something besides their working power for a living. Thus far we have done little excepting the distribution of a portion of the losses by accidents through workmen's compensation laws. The result of our neglect is that millions reach the closing of their working days without any provision for their declining years.

What can be done for them? Two forms of insurance are proposed. Contributory insurance and non-contributory pensions. The first of these is more alluring to those who put their dependence in thrift. It looks like a good thing to make people be thrifty by deducting from their wages to create an old age pension fund. It is a vindication of individualism to do it that way. Moreover it can be done—the probable cost can be measured and the proper assessments made. Theoretically it seems like the better plan but practically it is quite absurd. In the first place there is no use considering such a plan of insurance as long as the calamities of life are allowed to work their disastrous



way. It is futile to attempt to insure against old age until you have first insured against sickness, unemployment, accidents and business failures. Second, it is futile to attempt to insure against old age unless the current wage rate is high enough to warrant the deduction of the premium from the weekly wage. No believers in moral rights would permit the deduction of anything from a wage already insufficient to provide for a living. Thirdly, if these two insuperable difficulties could be overcome the cost of administration of an insurance plan under the conditions in American employment would make the plan impracticable. No plan of insurance which takes from thirty to fifty per cent to maintain it administratively has any good social reason for existing. I cannot believe from existing experience that we are warranted in expecting that a system of old age insurance would cost less than thirty to forty per cent to administer. Lastly, it would not provide for the casual laborers who need it most and it does not take account of the decreased possibilities of employment for men as they grow old and the consequent longer gap between the time they quit work and the time they die. Of what value would it be to a worker in a highly mechanized plant such as the Ford Company to be insured against old age dependency either in a public fund or in a company fund when it is well known that the working years do not stretch much beyond fifty or fifty-five. What would happen to such workers when that time comes! It is the irony of fate that while life has been lengthened, the working period has been shortened and a longer stretch of old age dependency results.

The second plan of insurance is very simple. It provides for the payment of the insurance as a pension out of the public treasury of county or state, or both combined, to all reputable persons—residents of the state for a term of years—who have reached a certain age and are unable to find work in a proper employment and who have not sufficient means for reasonable comfort. The plan is simple and direct and meets the needs of those whose needs are greatest and meets them at a minimum cost of administration. The plan is simple, too, in that actuarial tables give us the exact measure of the burden to be borne. We could measure with exactness what it would cost if we paid everybody over a certain age a fixed sum of money per week. We do not know with exactness just how many people over a certain age are so dependent as to bring them within the range of an old age pension law. Until we

have had a few years' experience we cannot tell. Judging from the experience of Australia and New Zealand, Canada, Britain and Denmark, we might come within a fairly definite degree to the number who would actually apply. In all probability in the United States it would be somewhere between twenty-five and thirty-five per cent of people over a certain age. The factor of improved health conditions would modify our calculations as in the case of sickness insurance. Life has been lengthened and will be lengthened still further. Moreover the lengthening of life has come specially after the close of the working years. Old age is stretched out further than it ever was before in the history of the world. The changes have indeed been phenomenal.

The number of old people is increasing not only actually, with the increase of population, but also proportionately. The aged people over sixty-five increased by nearly two million from 1900 to 1920, but in proportion to numbers the aged increased six hundred and thirty-five thousand above their quota in the same period. Between 1910 and 1920 the number of aged people increased in proportion to the population by four hundred and twenty thousand. At this moment there are probably five hundred thousand people over sixty-five years of age in excess of the proportionate increase in population. That is, there are five hundred thousand more old people in the United States to-day than there would be if the conditions of 1910 remained to the present. If the problem of the aged was acute in 1910 we can well imagine what it is to-day, with the definite increase of a million and a quarter old people, and a proportionate increase of more than five hundred thousand in the total population.

An old age insurance plan, whether carried out by a contributory or non-contributory system, must take account of the probable lengthening of life. Certainly we have not reached the limit of health improvement. What length of years would be added to the aged if means of comfortable living were provided and the uncertainties of the future were dispelled we cannot tell, but it would be enough to upset actuarial calculations based upon the present. We can calculate exactly how far off we would be now with expectancy of old age based upon the census of 1910. We may well rejoice in the possibility of having our calculations still further upset by virtue of the increase in the length of life and of happiness and content in old age. Our actuarial calculations readily can be adjusted to take the improvements into account.

# Significant Advances in Social Insurance Since the War

By LEIFUR MAGNUSSON

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(EDITOR'S NOTE: Progress in various countries since the War in workmen's accident compensation, health insurance, invalidity and old age insurance, and unemployment insurance is outlined in the following paper by Mr. Magnusson which covers his discussion of the subject at the twenty-first annual meeting of the American Association for Labor Legislation at Washington in December. Since then further progress may be noted—adoption this year by France of a comprehensive compulsory social insurance act, outlined on page 208 of this REVIEW, and acceptance this year of the Canadian old age pension act by the additional provinces of Saskatchewan and Manitoba and Yukon Territory. Supplementing Mr. Magnusson's brief reference to the United States, it may be pointed out that since 1923 six states have adopted old age pension legislation and three important extensions of accident compensation have recently been made—adoption of workmen's compensation by popular vote in Missouri in 1926, and enactment by Congress, in 1927, of the federal Longshoremen's Compensation Act and, in 1928, of the bill providing accident compensation for workers in private employments in the District of Columbia.)

A PAPER on significant advances in social insurance since the war may have little relevance to the present American situation, the chief highlights of which are swollen savings accounts and widespread installment buying, where everything is bought in hope—though sometimes paid for in regrets—where, to paraphrase an arch-imperialist, the worst is like the best, where there're lots of commandments and men can raise no thirst, except an economic one. Apparently everything is east of Suez, bright with an Oriental sun and dancing Burma girls. Nothing in such an atmosphere seems so irrelevant as sickness, invalidity, old age and joblessness. For eleven years since the social insurance conference of 1916, the whole field of social insurance as a remedial measure has remained practically untouched, irrelevant and meaningless; a mirage in a sunlight sea of prosperity.

Looking at the matter superficially there are few causes in this country which would appear to have less prospect of success than social insurance. The progress of labor legislation as a whole has lagged; few new laws have been enacted in recent years, and these have been of distinctly minor significance. Such advanced steps as the child labor amendment have been strikingly defeated. In the field of workmen's compensation, the tendency has been to introduce greater diversity into this type of legislation, while a

successful battle has been waged to prevent the spread of the State insurance fund idea. The endeavor to secure workmen's compensation in the District of Columbia during the past five years has thus far proved unsuccessful. The maternity relief principle was put into the federal law on the eve of the reaction. We are now on the morrow of that setback, and few venture to prophesy any immediate revival of interest or progress.

In the face of this American situation it would seem inappropriate to present a paper rehearsing the action of other countries in salvaging the grim wreckage of a gilded industrialism were it not for the general principle applicable to all social legislation; namely, that social legislation is not a function of national or geographical areas, but of industrialism. Social legislation follows inevitably as a consequence of certain human relations operating within the framework of industrialism. Hence, action and experience in one national or geographical area is of interest and value in another area. As long as we have an interdependent economic world, what happens in one area has its reactions in another.

Aside from this general principle of the universal relevancy of social legislation, there are the private and voluntary experiments in America which may find much of profit and contrast in what has taken place elsewhere. For despite our own prosperity, there is scarcely a type of social legislation in Europe which does not find some examples in some one of our states. Certainly every social evil with which Europe—and Asia, I should add—is dealing through its body of social insurance legislation, is being dealt with in this country either through employers' and workers' unemployment insurance funds or through mutual aid funds for the sick, invalid and aged, while workmen's compensation and maternity care and old age pensions in this country bear the stamp of the legislative principle.

### **The International Labor Office and Sources**

At first blush it seems a hopeless task to attempt to summarize in a single paper what has happened abroad since the war in the field of social insurance. It would be quite hopeless were it not for the fact that the International Labor Office has already done on a comparatively larger scale in its studies covering the different aspects of social insurance: industrial accidents and occupational diseases, sickness, maternity, old age, invalidity, premature death,



and unemployment. For instance, the study on workmen's compensation contains over 650 pages; the one on occupational diseases, something under 100; two health insurance studies, 600 pages roughly; unemployment, 130; a general survey of the problems of social insurance, 135 pages; several major articles in the *International Labor Review*; innumerable small items in the *Industrial and Labor Information*; a considerable amount of unpublished mimeographed material; the Blue Reports of the International Labor Conferences, notably those of 1925 and 1927; and, finally, the Draft Conventions of the Conference.

### **Effects of the War**

We are all familiar with the fact that the war, with its subsequent financial chaos and disorganization of industry, practically destroyed the existing social insurance systems of the countries involved. And this, too, at a time when the remedial elements of the system were most necessary. The struggle had lowered the vitality of the warring populations; it had increased industrial hazard through speeding-up in industry; and, subsequently, brought a heavy wave of unemployment with the deflation from war-time expansion to peace-time requirements. But the greater the distress the greater the urgency for remedial measures, and hence, no doubt, the somewhat unprecedented wave of activity, experimentation and application of social insurance measures in the major industrial countries after the war. No doubt, too, the coordination of efforts through the International Labor Organization, by way of research and educational publicity, have contributed largely to this wealth of experimentation and application of social insurance legislation. Only the fact remains and is significant that, while the war destroyed the efficacy of social insurance, it made its meagre benefits and healing qualities ever more essential. It is the story of this restoration and recovery of social insurance which is the theme of this paper.

### **Workmen's Compensation**

We begin with workmen's compensation as among the earliest types of legislation under discussion. We discover at once that the post-war period witnessed an unwonted activity in the extension of those laws to wage-earners not hitherto covered, as well as new application in several countries. Thus eight countries have enacted

legislation since the war.<sup>1</sup> Among countries which have broadened their laws, extending them more particularly to commercial wage-earners and agricultural workers, may be mentioned Italy, France, Luxemburg, the Netherlands, Portugal, and Russia. Domestic service has not yet attained general inclusion, though France added this by special legislation in 1923. But more particularly have advances been made by removal of limitations upon the types of workers covered and upon the maximum amount of income receivable for entitlement to benefits. The definition of "accident" or "injury" has been broadened by gradually doing away with the idea of violence inherent in the first definitions. In Germany, for example, the meaning of the term "sudden" and of the expression "the occurrence happening within a relatively short time" has been interpreted in such a manner as to cover periods of twenty-four to forty-eight hours, or even a week, the experts pointing out the injury as attributable to a series of trifling accidents during the period under review. The principle of compensation for enumerated diseases has come to be widely accepted. And as the system of health and invalidity insurance develops, these distinctions and differences will take on less importance, the economic loss and consequent illness being taken care of by one or the other method of relief.

### Health Insurance

The story of developments in health insurance is not a less vivid one. The growth of the universal idea is conspicuous. Of twenty-four countries replying to inquiries of the International Labor Office seventeen indicated their preference for a universal system.<sup>2</sup> Among these were countries which hitherto had tried voluntary systems. Thus, the French system, which has been under discussion since 1921, has recently been enacted by the Senate with modification and may at any moment be passed by the Chamber. Among countries also favoring the universal principle were Spain and Italy, which had had no system of health insurance. The prin-

<sup>1</sup> Bolivia, 1924, industrial wage-earners; Brazil, 1919, industrial wage-earners; Bulgaria, 1918, industrial and commercial wage-earners, 1924, agricultural wage-earners; China, 1923, wage-earners in dangerous and unhealthy undertakings; Ecuador, 1921, industrial wage-earners; India, 1923, industrial wage-earners; Spain, 1922, industrial and commercial wage-earners; Uruguay, 1920, industrial wage-earners.

<sup>2</sup> International Labor Conference, 10th session: Report on sickness insurance, ch. 2.

cial of universality is also being considered by the Australian Government, whose commission has recently reported in its favor.<sup>3</sup>

Between 1883 and the outbreak of the war, universal health insurance acts had been introduced in ten countries, applicable in some cases to a few occupations.<sup>4</sup> Such laws now apply to wage-earners in eighteen countries.<sup>5</sup> Furthermore, the pre-war laws have been extended in coverage, including as they did at first industry and with some exceptions commerce only. As in workmen's compensation, extension has been into the field of agriculture. While practical difficulties have retarded its application in agriculture, the situation there has changed in the direction of greater industrialization since the war so that these difficulties of application have gradually disappeared. Health insurance now applies to agriculture in eleven countries, most of which have adopted it since the war.

Within the field of industry and commerce the tendency has been to broaden the scope of health insurance until it has come to cover all wage-earners almost without exception, and all establishments without distinction as to size. Some idea of the extent of coverage is indicated in the table below.

COVERAGE OF HEALTH INSURANCE IN CERTAIN COUNTRIES.<sup>6</sup>

Country	Year	Percentage Insured		Percentage of Wage-Earning Population Insured
		Total Population	Occupied Population	
Austria .....	1925	34	63	75
Bulgaria .....	1925	5	9	56
Czechoslovakia ....	1924	19	43	66
Germany .....	1925	32	63	77
Great Britain .....	1925	35	78	86
Hungary .....	1924	14	30	52
Poland .....	1926	7	23	44

The proportion of the insured wage earning population thus ranges from 44 per cent in Poland, to 78 and 86 per cent in Germany and Great Britain, respectively.

<sup>3</sup> *International Labor Review*, November, 1927, p. 699 ff.

<sup>4</sup> Germany, Austria, Hungary, Luxemburg, Norway, Jugoslavia, Russia, Great Britain, Roumania, and Czechoslovakia.

<sup>5</sup> Austria, Bulgaria, Czechoslovakia, Great Britain, Greece, Chile, Esthonia, Germany, Hungary, Japan, Lithuania, Luxemburg, Norway, Poland, Portugal, Roumania, Russia, and Kingdom of Serbs, Croats and Slovenes. (*International Labor Office: General Problems of Social Insurance*, p. xix ff; *Sickness Insurance*, p. 5; *International Labor Review*, June, 1927, p. 846; December, 1927, p. 779.)

<sup>6</sup> *International Labor Review*, December, 1927, p. 780.

Some new departures in principle and policy are being tried. Take the matter of evolution of benefits within the health insurance system.<sup>7</sup> Practically all systems began with a payment of pecuniary benefits almost exclusively. As the system has evolved compensation for economic loss has become only one of the benefits. Preventive health measures and improvement in sanitary measures have become the important object. Medical benefits in kind and in clinical services have become more and more important until the health insurance system has become a movement for the promotion of the health of the community as a whole. The increasing proportion which benefits in kind form of the total benefits is shown in the following table:

BENEFITS IN KIND: PER CENT OF TOTAL BENEFITS

Austria,	
1919 .....	35
1924 .....	48
Bulgaria,	
1925 .....	78
Chile,	
1926 .....	75
Germany,	
1913 .....	54
1924 .....	58
Norway,	
1917 .....	55
1924 .....	58
Poland,	
1924 .....	68
Serbia-Croatia-Slovenia,	
1923 .....	49
1925 .....	57

Another feature of the system of benefits is the consideration given to family responsibilities in the decision as to rates. The adjustment of benefits to family responsibility, recognized in the German mining insurance law, has been extended in the legislation of Esthonia, Lithuania, Latvia and Russia. Family allowances are optional in the laws of Austria, Czechoslovakia, Germany, Great Britain, Poland, Jugoslavia and in the territory of Alsace-Lorraine.

Closely related to this characteristic of family responsibility is the extension of health insurance to maternity care. Of twenty-three compulsory insurance laws, fourteen grant maternity benefits to the wives of insured persons. Post-war legislation has increased these benefits, adding the right of care by midwife or physician,

<sup>7</sup> *International Labor Review*, December, 1927, p. 787 ff.



and the payment of allowances during the rest period that precedes and follows confinement, with various benefits in kind—special medical aid, maternity homes, medical care of the infant.

The general health character of the systems established is again evidenced by the extension of medical aid to the family as a whole. This is true in the legislation of such states as Czechoslovakia, Hungary, Austria, Lithuania, Latvia, Poland and Jugoslavia, Rumania, Norway and Portugal. The unnamed commentator of the International Labor Office remarks in a survey of the system that "sickness insurance has become the guardian of the worker's family. In virtue of this task, which it has taken up widely of late years, sickness insurance has become the principal instrument of a health policy for the masses of the population."<sup>8</sup>

It would make much too long a paper even to mention all the important lines of development in health insurance.<sup>9</sup> One feature, however, I can not forbear stressing; it is, as I see it, the very important matter of administration in which a rather new and marked tendency has taken place. There is a decided movement in the direction of independence and autonomy of the institution. State management is rare, and exists only in Bulgaria and to some extent in Japan. Even here the state management may be regarded as only a temporary feature preparatory to management by the parties themselves when the development of associations of workers and employers may make it possible to assume this task. There is an obvious reason for this development; namely, that it corresponds with the responsibilities assumed by employers and workers in making contributions proposed by law. Further, it interests the insured person in good management, fixes responsibility, and elimin-

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<sup>8</sup> *International Labor Review*, June, 1927, p. 851; the same, December, 1927, pp. 790-92.

<sup>9</sup> The principle of workers' contributions is universal in all countries except Soviet Russia; that of the employers' contribution in all countries except Rumania and in five of the Cantons of Switzerland. State contributions are still a matter of controversy. At the present time a contribution from the state is characteristic of about half of the compulsory health insurance systems in operation. Generally the workers contribute from 40 to 66⅔ per cent. Contributions of employers range, however, from 33⅓ per cent up to as high as 60 per cent. (International Labor Office: *Sickness Insurance, A Comparison of Analyses of the National Laws; Studies and Reports*, Series M No. 4, p. 133.) The British act has a flat rate of contributions, 10-10 for male contributors and 9-10 for female insured, of which the employer pays 5-10 in each case. The Norwegian act fixes the employer's contribution at 10 per cent. There are the peculiarities in the British and Portuguese acts. It should be added that the insurance acts almost without exception require employers to pay the whole of the contribution in the case of all workers not in receipt of wages, or with very low part-time earnings.

ates abuses by reason of mutual supervision. It gives a sense of collective responsibility to the workers, and serves as a valuable educational instrument. "In short, a study of the movement of recent legislation reveals a well marked tendency to increase the influence of insured persons in the management of insurance funds.<sup>10</sup>"

The autonomous character of the health insurance institution has undoubtedly been motivated by the fact that the private parties themselves concerned were the initiators of the existing system of health insurance, whether voluntary or compulsory. These existing institutions have no doubt sought their place in the newer and larger scheme. At the same time there is no sensible reason—having in view efficiency and experience—which would make it desirable to neglect these pioneers of the established schemes. The friendly societies, trade union funds, establishment funds and regional funds, each has its own peculiar experience to contribute. The varying experiences and the relative influence of each kind of institution have played their part in giving the ultimate administrative character to the different national schemes of health insurance. The notions of technical experts and scientific organizers have indeed played a relatively small part in determining the characteristics of the operating institutions.

### Invalidity and Old-Age Insurance

In the field of invalidity and old age care the remarkable feature has been the new and improved legislation attempted. The march away from the poor-relief system, with its idea of poverty as a function of original sin, has again been taken up. These endemic diseases of society (invalidity and old age) have been the subject of special legislation in twenty-six countries, either through a system of compulsory insurance or of non-contributory pensions, and of those countries about one-half have enacted their legislation since the war.<sup>11</sup> Beginning with the Danish act of 1891, assistance

<sup>10</sup> *International Labor Review*, June, 1927, p. 859; the same, December, 1927, pp. 793-796.

<sup>11</sup> Invalidity, old age and survivors' insurance: Argentine, 1923, industrial and commercial wage-earners; Belgium, 1920, 1924, all wage-earners; Bulgaria, 1924, all wage-earners; Greece, 1922, industrial and commercial wage-earners; Portugal, 1919, all persons gainfully employed; Russia, 1922, all wage-earners; Serb-Croat Kingdom, 1922, all wage-earners. Invalidity and old age insurance: Chile, 1924, all wage-earners; Cuba, 1923, 1924, wage-earners and railway office staffs; Italy, 1923, all wage-earners; Spain, 1919, 1921, all wage-earners. Old age pensions (non-contributory): Canada, federal legislation, 1927; Norway, 1923; Uruguay, 1919 (*International Labor Office: General Problems of Social Insurance*, Geneva, 1925, pp. xix-xxviii).

for the aged did not make any great progress, though it culminated in the British act of 1908. This had been preceded by action in New Zealand in 1908, two states of Australia in 1901, by Commonwealth legislation in 1908, and by France in 1905 with a voluntary system.

As an instance of post-war legislation of large scope may be cited that of Great Britain in 1924. This supplements its pension system by one covering widows and orphans and survivors. Operative since 1925, this latest act provides contributory pensions for widows and dependent children and, secondly, contributory pensions commencing at age 65 and ceasing when age 70 is reached, after which provision is made for gratuitous pensions. It affects about 15,000,000 wage-earners or, together with their dependents, about 30,000,000 persons.<sup>12</sup> The Belgian act of December 10, 1924, established a general system of old age insurance for all wage-earners. A supplementary act of March 10, 1925, came into force in January, 1927, and covers salaried employees. Switzerland amended its constitution in 1925 to permit federal as against cantonal legislation of this character.

Cuba passed her contributory retirement and pensions act October 9, 1923, and it started operation July 14, 1924. Later in that same year the President by decree extended the benefits, hitherto applied only to wage-earners, to all administrative, technical or supervisory staff employed by railways and street railway establishments.<sup>13</sup> The Canadian act of 1927 is the most recent one, coming into force in March. This law is based upon the principle of federal grants to the provinces, four of which already had a system of non-contributory pensions for widows with children under age. British Columbia became the first province to take advantage of the new act as from September 29, 1927.<sup>14</sup>

A commission has been sitting in South Africa since the beginning of 1926 giving consideration to the subject. It recommends a non-contributory scheme of pensions without delay. The commission will continue consideration of a system of national insurance to make provision against sickness, accident, premature death, invalidity, old age, unemployment and maternity.<sup>15</sup> And where this commission had begun, the Australian commission had left off.

<sup>12</sup> *International Labor Review*, March, 1926, pp. 361-381; April, 1926, pp. 506-522.

<sup>13</sup> *Industrial and Labor Information*, 6 April 1925, p. 26.

<sup>14</sup> *Industrial and Labor Information*, 20 June, 1927, p. 495; the same, 21 November, 1927, p. 247.

<sup>15</sup> *Industrial and Labor Information*, 18 July, 1927, p. 101.

In 1925 the latter had reported in favor of "a compulsory system of national insurance" providing for payment of sickness, invalidity, maternity and superannuation benefits.<sup>16</sup>

### Unemployment Insurance

The development of the insurance idea to combat unemployment has been relatively more rapid in the post-war period than that of health, invalidity and old age insurance. It started with less of a background and with more of possible accomplishment in front of it. The first country, it will be recalled, to embark upon complete control and organization of a system of unemployment insurance was Great Britain, in 1911, which has since steadily enlarged the scope of its system, particularly in its new legislation of 1920. The British system stood almost alone until after the war, but since the war as many as seven countries have introduced universal unemployment insurance schemes.<sup>17</sup>

Extension of the voluntary system has also taken place since the war. In addition to Denmark, France and Norway, prior to the war, six other countries have been doing some tentative experimenting. These include The Netherlands, Finland, Spain, Belgium, Czechoslovakia and Switzerland. Belgium appears here under its order of December 30, 1920, because under the system which it had before the war the subsidy was entirely a municipal one.

Altogether there are at present nineteen countries experimenting with unemployment insurance. It is estimated that upward of 45,000,000 workers (more than the number of gainfully employed persons in the United States) are covered.<sup>18</sup>

With this statement of fact in mind, what has been the tendency? First of all, both the principle of compulsion and of state subsidy imply a responsibility on the part of society for unemployment as an evil. Both lay the foundation for a claim to a right on the part of the worker. Both introduce into the insurance idea the element of security and guarantee that the right shall have some practical significance. For behind the financial organization of the system stands the state as sponsor.

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<sup>16</sup> *International Labor Review*, January, 1926, pp. 69-82.

<sup>17</sup> Australia (Queensland), 1922, all wage-earners; Austria, 1920, industrial and commercial wage-earners; Germany, 1924, all wage-earners; Irish Free State, 1920, industrial and commercial wage-earners; Italy, 1923, industrial and commercial wage-earners; Poland, 1924, industrial and commercial wage-earners; Russia, 1922, all wage-earners.

<sup>18</sup> *International Labor Review*, December, 1927, pp. 804-816; and June, 1927, pp. 908-914.



The assumption by the state of responsibility has set to work in the unemployment insurance field forces similar to the safety movement brought about by compensation legislation. Remedial measures for unemployment have been given large consideration. Provision of work for the unemployed, coordination and adjustment and education, all have been made vital problems to the state. But these would make another story.

Within the system itself some tendencies may be hastily sketched as more germane to this discussion. The compulsory and voluntary systems are holding about an equal balance. Such changes and advances as have been made since the war have been in the direction of the compulsory principle. With the exception of the state of Queensland, Australia, the system has not spread beyond Western Europe. But here the tendency is probably toward universality. In Belgium, where the voluntary principle has long since been accepted, a private bill for establishing compulsory insurance is at present before the Chamber of Deputies.

There are few, if any, clearly marked tendencies to indicate possible solution of any of the principal problems confronting unemployment insurance. The laws have not settled on any precise definition of unemployment; that is, what is meant by the phrase, "absence of suitable employment." What kind of employment are applicants entitled to refuse as unsuitable? Different laws have diametrically opposite ways of treating a strike or a lockout. At one extreme are those laws which withhold all rights of benefits for unemployment even indirectly caused by dispute. At the other extreme are those which include workers only directly affected by a strike or lockout. And in the intermediate are those laws which exclude compensation only in case of strike. The treatment of seasonal unemployment and short-time, or intermittent unemployment, is varied and shows no common tendency. But all are agreed upon the need of a completely and efficiently coordinated system of employment exchanges to define and determine what constitutes unemployment.

A certain degree of unity has been reached on the question of the distribution of the financial burden of the insurance system. Most countries have accepted the principle of the distribution of the burden among the three parties—workers, employers and the public. However, other combinations are being tried, such as the employees and the public authorities, employers and the public authorities, or

the employers and the workers exclusively. Again, others have a system, not of insurance with premiums, but of simple relief. Frequently that form of assistance is merely a supplement to the insurance scheme in a time of heavy unemployment, and benefits are exceedingly meagre so as not to discourage the quest for work.

The matter of administration shows no uniform tendency. In the universal system some sort of cooperation between the public authorities and institutions set up by the insured is maintained. In general, the tendency seems to be towards centralization as the whole system is tied up with the employment exchanges so as to give the largest freedom in the movement of labor between every section of the country and branch of industry.

### Summary of International Standards

So general has this body of social legislation become that agreement upon international standards has not been found overly difficult. The annual conferences of the International Labor Organization, beginning with the first in 1919, have kept just ahead of the procession and from time to time have agreed upon an advance here, another there. What one conference has done has been improved upon by a subsequent one. There has been momentary, and progressive crystallizing of advances made, but no permanent fixation of progress. Indeed, crystallization of minimum standards has rarely if ever occurred in the progress of social legislation—a fact that is all too frequently overlooked. The better to illustrate this broad improvement toward agreement it may be cited that at the ten sessions of the International Labor Conference, held between 1919 and 1927, a total of twenty-six<sup>19</sup> Draft Conventions have been formulated, discussed and formally approved by direct representatives of governments, employers, and workers. Of that number nine exclusively relate to social insurance. In addition, there is the total of twenty-eight recommendations approved. Of the recommendations eight immediately concern insurance of the type under consideration. Thus, out of a grand total of fifty-four Draft Conventions and Recommendations, seventeen deal with social insurance. Back of this is a marvelous story of recovery and restoration of social progress following the most devastating war in history.

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<sup>19</sup> This classification includes as a Convention the Recommendation to ratify the Berne Convention for the prohibition of the use of white phosphorus. The effect of the Recommendation was really to readopt the Berne Convention, brought about by the Association for Labor Legislation before the war.

Take for instance health measures. Here are included the measures internationally agreed upon respecting maternity care and the prohibition of employment before and after the period of confinement, the prevention of anthrax, protection of women and children against lead poisoning, establishment of governmental health services, prohibiting the use of white phosphorus in the manufacture of matches, protection of women wage-earners in agriculture before and after childbirth, living-in conditions of agricultural workers, use of white lead in painting, compulsory medical examination of children and young persons employed at sea, night work in bakeries, sickness insurance for workers in industry and commerce and domestic servants, sickness insurance for agricultural workers, and one concerning the general principles of sickness insurance.

In the field of accident compensation there is the general draft convention for industry, a Recommendation to cover agriculture in the same manner, and two Conventions for the equality of treatment for national and foreign workers as regards compensation.

Take the case of international action in the matter of safeguards against unemployment. We find there have been Draft Conventions or Recommendations as to placement of unemployed through nationwide agencies, unemployment insurance proposed for seamen, unemployment indemnity in case of loss or foundering of ship, establishment of facilities for finding employment for seamen, and as to prevention of unemployment in agriculture.

Ratification, however, has not kept pace with the progress of standardization and the movement of national legislation.<sup>20</sup> There has been apparently a growth in understanding and in the spirit of accommodation at the Conference itself and within the organiza-

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<sup>20</sup> The four Draft Conventions covering accident compensation and defining the rights of aliens thereunder in the different countries have been ratified as follows: (a) *Workmen's Compensation (Agriculture)*—Bulgaria, Chile, Denmark, Esthonia, Germany, Great Britain, Hungary, Irish Free State, Netherlands, Poland, Sweden, and recommended in France, Greece, Argentina, Italy, Latvia, Luxemburg, Spain, Uruguay; (b) *Workmen's Compensation (accidents)*—Belgium, Netherlands, Serbs-Croats-Slovene Kingdom, Sweden, and recommended for ratification in Esthonia, Greece, Hungary, Latvia, Luxemburg, Poland, Portugal; (c) *Workmen's Compensation (diseases)*—Belgium, Finland, Great Britain, India, Irish Free State, Serb-Croat-Slovene Kingdom, Switzerland, and recommended in Esthonia, Greece, Hungary, Japan, Latvia, Luxemburg, Poland, Portugal; (d) *Equality of Treatment (accidents)*—Belgium, Czechoslovakia, Finland, Great Britain, India, Italy, Netherlands, Serb-Croat-Slovene Kingdom, South Africa, Switzerland, and recommended in Austria, Esthonia, France, Greece, Hungary, Japan, Latvia, Poland, Portugal.

tion which the countries have not achieved at home. However effective the contacts and spirit of cooperation at the Conference of the three hundred or more who assemble each year, the authorities back home with their fears and their ears to the domestic political ground have not moved with it. There is ahead an immense work of education and understanding, of study and analysis, to show the effect of social insurance upon the productive and distributive economy of a nation.<sup>21</sup>

### Conclusion

As one takes a backward glance over this very inadequate summary of developments in social insurance one can not help but be struck with the spread of the universal principle and the departure from the partial and the *laissez faire* drift, notably in the case of countries like France, Belgium, Italy, hitherto partisan of the latter policies. The principle of universality has been established and accepted. The acceptance of it by the Tenth Session of the International Labor Conference is almost a guarantee of its stability.

On the other hand, there is the contrasting development in the field of administration; namely, away from state absolutism of control and toward joint administration by those concerned; those who contribute premiums, those who derive immediate benefits, or those who get a stable, permanent and reasonably contented labor force and assurance of fair competition; that is, workers and employers. The state stands off to one side as supervisor, guarantor of funds and permanence, judge in disputes, and conservator of the interests of the consumer.

It is in this connection of the state with the social insurance system where the future problems lie. It must coordinate the different branches of insurance, it must exert its power to eliminate waste and costly administration. Whether that concentration of administration shall consist in complete unification of all systems of social insurance, or whether of loose coordination, remains to-day the most discussed and unsettled problem for existing social insurance systems. Unity of purpose and principle remains unquestioned. Only a minor problem of administration and procedure seems to be worrying the experts and administrators.

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<sup>21</sup> The International Labor Office has been asked to undertake a survey of the costs of social insurance. Its corresponding committee of social insurance experts has outlined a mode of procedure and the inquiry is now being actively prosecuted.



# The Russian System of Social Insurance

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By PAUL H. DOUGLAS

*Professor, Industrial Relations, University of Chicago*

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(EDITOR'S NOTE: Professor Douglas studied economic conditions in Russia during the summer of 1927. He presented the following concise and interesting report on outstanding features of the social insurance system in that country at the twenty-first annual meeting of the American Association for Labor Legislation at Washington in December. It will be noted that, through allowances granted to permanently disabled workers, old age pensions are in effect provided for all who need them.)

ALTHOUGH the standard of living of the Russian wage-earners is probably only one-third that of American workers, they are afforded greater protection within that lower standard against the customary interruptions of working class income. Thus full pay is given for all cases of temporary disability beginning with the first day. This covers not only industrial accidents but non-industrial accidents and all types of illness as well. Free medical attention is provided not only for the wage-earners as under the British system of health insurance but also for the members of their families as well. This includes not merely the services of a general practitioner, but also those of specialists, such as oculists, dentists and surgeons.

It would naturally be expected that the guarantee of full pay during disability without the provision of a waiting period would result in much feigned illness and an excessively heavy burden upon the fund. The average number of days lost per insured person amounted, however, to only 8.8 in 1925-26 and a yearly rate of 7.8 during the first six months of 1926-27. In Germany, where the benefit is equal to only a part of the workers' wage and where the state of medical science is higher, the illness rate instead of being lower is actually higher amounting on the average for each worker to 12.5 days from illness alone in 1925-26. The Russians believe that part of this difference is due to the fact that there is not the same pressure in their system as there is in Germany for workers to return to work before they are cured and that this more than pays for itself in the end.

Wage-earning women who are about to become mothers are given two months' rest with full pay before childbirth and two months' rest afterwards. They are also given an allowance equal to a half month's earnings to provide the child with a layette and are given, for nine months, a monthly nursing allowance equal to one-eighth of their salary. Workers who are suffering from permanent disabilities are also protected; the amount of the allowance varying according to the severity of the disability and as to whether it resulted from an industrial or a non-industrial cause. Thus if a worker has suffered a total loss of earning power from an industrial accident or illness and needs some one as a caretaker, he is paid a pension equal to his full wages. If he does not need a caretaker, he is paid 75 per cent. If he can work, but only occasionally, the allowance is 50 per cent, and so on. Old-age pensions are thus in effect provided for all who need them and for many younger workers who have had the misfortune to be permanently disabled.

If a wage-earner leaves dependents who have no other means of support, they are maintained by allowances which range from one-third of the wage-earner's former earnings if there is only one dependent to three-fourths if there are three or more. There is a great deal of unemployment in Russia, amounting to at least 2,000,000 workers. This is primarily caused by the higher standard of living of the city workers as compared with the peasants which causes large numbers of the latter to seek employment in the cities. If a worker has been previously employed as a wage-earner for from one to five years, he is eligible to receive unemployment benefits which amount, if he is a skilled worker, to one-third of the average earnings for that district, if a semi-skilled worker to one-fourth, and if an unskilled worker to one-fifth.

The social insurance system covers 8,900,000 workers and expended approximately 400 million dollars during the last year, only 5 per cent of which was used for administration. About 26 per cent was used to provide medical assistance and the remainder was devoted to cash benefits. The total cost is borne by the employers composed almost exclusively of the state trusts, and amounts to a charge of 13.2 per cent upon the payroll. Lower rates are made for industries, such as metals, coal, and the railways which do not show any large profit, but virtually all assessments are being made promptly now and the fund is solvent.

# Social Insurance and Old Age Pensions in Canada

BY P. M. DRAPER

*Secretary, Trades and Labor Congress of Canada*

(EDITOR'S NOTE: Canada has made notable progress in the adoption of old age pension legislation and exclusive state funds for workmen's compensation insurance. In the following article Mr. Draper outlines concisely the status of social legislation in this neighboring country and indicates that the movement for a comprehensive legislative program, including not only workmen's compensation and old age pensions but also insurance against unemployment and sickness, finds strong support in the labor movement.)

THE Trades and Labor Congress of Canada includes in its platform of principles Unemployment Insurance, Old Age Pension, and State Insurance for Sickness and Disability. This platform of the Congress is not merely a statement of pious wishes, but it represents a crystallization of the hopes and aspirations of the thousands of organized Canadian workers affiliated with the Congress, in their efforts to secure a decent standard of living, reasonably protected from the numerous hazards involved in modern industrial life. The inclusion of these planks in the platform is ample evidence of the seriousness with which the organized workers in this country view the question of social insurance, for all of the principles of the Congress have been adopted only after mature consideration of the problems with which the workers have been faced and of practicable means for their correction.

Up to the present time, no legislation on the topic of Unemployment Insurance has been passed in Canada. We have, like all other industrial countries, however, unemployment: its proportions vary from time to time, but it shows no signs of permanently disappearing. This being the case, the worker feels that he should not be penalized for his inability to find work when his failure to do so is beyond his control. In order to correct this situation, a scheme of insurance against unemployment is desirable. The example of other countries, more especially in Europe, has led us to seek a remedy for unemployment in this direction. We believe that, failing complete employment, the workers should be provided with some regularized system of unemployment insurance to maintain a reasonable standard of life when industry fails to afford it.

With old age pensions Canadian workers have been more suc-

cessful, although their ideals in this direction have not yet been fully realized.

At its session of 1927 the Parliament of Canada passed an Old Age Pensions Act which provides, briefly, for the payment to persons who have attained seventy years of age and who are in receipt of less than \$365 in income, of pensions of up to \$20 per month. One of the main features of the Act, however, is that its operation in any province is conditional upon the legislature of that province passing similar legislation and agreeing to pay one-half of the cost of the pensions, the Dominion Government to pay the other half.

British Columbia was first to pass the necessary legislation and, after concluding an agreement with the federal authorities, commenced the payment of pensions last September. Yukon Territory has passed an ordinance authorizing entering into an agreement with the federal government for the payment of pensions. On March 14 the legislature of Manitoba passed the old age pension bill, which will become effective after proclamation by the Lieutenant Governor. In the province of Saskatchewan a bill was also passed to give effect to the old age pension plan. When the other provinces will act remains to be seen.

While, in the opinion of the Congress, the Act leaves much to be desired in the way of increased pensions and more general and more immediate application, none the less it is a step forward. As this has been one of the principles of the Congress, its adoption as a subject of legislation is a move in the proper direction and augurs well for the eventual realization of nationwide legislation on this subject more nearly in accord with what the workers apprehend to be adequate.

On the subject of state insurance for sickness and disability, Canadian legislatures have so far remained silent, except for certain provision for disability due to occupational diseases covered in workmen's compensation laws. Here again, as in the case of unemployment insurance, the workers feel an obvious injustice in being required to provide out of slender earnings the wherewithal to tide them over periods of sickness and invalidity, and it is their conviction that the State should assist them in carrying the burden. The absolute need for the provision, coupled with success in other matters, leads Canadian workers to hope that legislative action in this direction is a boon that the future holds for them.

The form of social insurance with which we have had most



experience is workmen's compensation. It will be observed that the platforms of the Trades and Labor Congress carries no mention of this essential to the welfare of the worker. This omission is not due, however, to any failure to appreciate its moment, but may rather be ascribed to the fact that, due to progress already made, a request for workmen's compensation would to-day be redundant in the majority of the Canadian provinces. Six of the provinces of chief industrial importance have had in operation for some years workmen's compensation acts which provide state insurance funds. A strong movement has been under way in Quebec to improve her workmen's compensation law and provide the required insurance through a state fund, and recently the legislature enacted a new law which provided for administration by a commission instead of by the courts but failed to meet the widespread demand for a state fund. All of these Acts, be it borne in mind, were placed upon the statute books only after persistent solicitation in their behalf by the organized workers of the country. However, so successful has the reform been in practice that little fear exists in the minds of labor that there is now any danger of a reversion to older and less fair methods. The acts are not in all respects in accord with the workers' ideals, but they do recognize, in a large measure, important principles, and they give promise that the day may not be far removed when all provinces will fall in step, and, also, that such amendments in the provisions of the acts as may be necessary will be made.

In conclusion I would point out that **the different types of social insurance are necessities under modern industrial employment conditions.** Though their need has been patent for some considerable time to those who have given close attention to such matters, the public conscience has not been wholly awakened to the facts. In order to overcome opposition provoked by selfishness or lack of information, education is necessary, and toward enlightenment of the public the organized workers have been doing their utmost and intend to continue to carry on. In this connection the work of a body such as the American Association for Labor Legislation is very valuable. In so far as Canada is concerned, in view of our advances in the field of workmen's compensation and old age pensions, is it not reasonable to expect that the future holds for us still further advances in these two important fields, as well as in the realms of unemployment insurance and state sickness and disability insurance?

# France Adopts Comprehensive System of Social Insurance

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## Protects Wage Earning Men and Women Against Risks of Sickness, Invalidity, Maternity, Death and Old Age

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ONE of the most far-reaching developments in protective labor legislation in recent years is the final adoption by France of a compulsory system of social insurance which covers the risks of sickness, premature invalidity, old age, and death, and includes special provisions for dependents, for maternity, and for unemployed workers.

The bill, which has been before Parliament for seven years, was adopted by the Chamber of Deputies on March 14, 1928, by an almost unanimous vote, after having passed the Senate July 7, 1927. It applies to all wage-earners of both sexes whose total remuneration does not exceed 15,000 francs a year. This figure is increased to 18,000 francs in the case of wage-earners having a dependent child, and is further increased by 2,000 francs in respect of each child after the first. It benefits more than 8,500,000 workers, and, including the families of the insured persons, covers more than 13,000,000 beneficiaries. The funds required for operation of the Act will amount to five billion francs a year.

Employers, employees and the State must all contribute to the resources of the insurance fund—the contribution of employee and employer being equal to 10 per cent of wages not exceeding 15,000 francs, half being paid by the employer and half by the insured worker.

When a worker reaches the age of 60 years he will no longer have to contribute to the fund but will still be insured against the various risks if he continues at work.

Cash payments and medical care are provided for insured workers as well as for their families in case of **sickness**. Women workers and the wives of insured workers, in case of **maternity**, will receive medical benefits and certain cash payments. An insured worker who after six months of illness remains incapacitated under the terms of the act is entitled to an **invalidity pension**. An **old age pension** is provided for all insured persons who have reached the age of 60 years—the pension being calculated on the basis of 40 per cent of the average yearly wage

during 30 years of contributions to the fund. In case of death the insured person's heirs will receive a sum equal to 20 per cent of the average annual wages of the deceased. In case of **unemployment**, and consequent failure of a worker to keep up his contributions to the insurance fund, special provision is made for guaranteeing to the unemployed insured person his rights to the social insurance benefits during a period of six months.

France's present action in adopting a sweeping measure of compulsory social insurance to protect wage-earners and their families against poverty resulting from ever-present hazards of industrialism is of more than ordinary significance. France has long been regarded as an outstanding exponent of the *laissez faire* attitude toward social economics. Her scattering attempts in the past to provide protection for the safety and health of the working population have been strongly influenced by the let-alone policy. The new Social Insurance Act represents an epochal departure from the outgrown doctrine of *laissez faire*. As such it should be of particular interest in the United States where the rapid development of a gigantic industrialism is most vociferously accompanied by the slogan of "non-interference with business."

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## A Study of Working Conditions in Candy Factories

THE Consumers League of New York has just completed a field investigation covering twenty-five representative candy factories in New York City. An attempt was made to secure information concerning conditions prevailing in the factories from the standpoint of the consumers of the products as well as the workers in the industry.

Twelve plants were "unnecessarily dirty," ten were "passably clean" and only three "very clean."

The workers, 61 per cent women, suffered from fatigue due to constant standing; chill from low temperatures in some departments; overtime beyond the legal limits—sometimes a week of 70 hours, including Sundays in rush seasons—and low wages, one-half the workers earning \$11.75 to \$13.75 in a busy month.

These findings are embodied in a sixty-five page report, "Behind the Scenes in Candy Factories."

The Consumers League has set up a set of minimum standards for the factories in the candy making industry and will publish a White List of all those who comply. In this a committee of the candy manufacturers are cooperating. Except in the matter of a beginning wage of \$14 and observance of a certain degree of personal cleanliness, the standards set do little more than ask compliance with the sanitary and labor laws.

# Accident Compensation Increasingly Needed in the New Industrial South

By CORNELIUS COCHRANE

“WHILE the industrial activities of (the Southeast) are attracted by raw materials, power, climate, transportation, and proximity to great consumer markets, probably the greatest single factor is that of labor. It is a case of capital and industry going to the labor supply.”<sup>1</sup>

The trend of industry in the United States is undeniably southward. Paul Blanchard in his recent pamphlet on “Labor in Southern Cotton Mills” points out that new capital which goes into the textile industry is being invested in the South and that in some instances New England operators are actually moving their plant equipment into the South. “It is estimated,” he states, “that New England has invested 100 million dollars in southern cotton mills in a year and a half.” Other aspects of this phenomenal industrial development have been presented before in an earlier issue of this REVIEW.<sup>2</sup>

Local chambers of commerce and promoters in the South have loudly extolled southern workmen as “an important asset in the future of this country.” But the five states of Arkansas, Florida, Mississippi, North and South Carolina—all in the South—have not yet enacted accident compensation laws for the protection of these workers.

Labor, wherever organized in these states, has fought for years to secure the adoption of this principle. The North Carolina State Federation of Labor in 1915 took action to further the introduction of a compensation bill and has since gone on record repeatedly in favor of such legislation. In Florida, organized labor has sponsored a compensation measure since 1920.

The American Federation of Labor at its 1927 convention unequivocally stated its position in respect to the need for workmen’s compensation in these five states and voted in favor of “continued efforts” to have workmen’s compensation legislation adopted. “How the people of those five states can expect to continue to deny

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<sup>1</sup> *Commercial Survey of the Southeast*, United States Department of Commerce, Domestic Commerce Series—No. 19.

<sup>2</sup> See symposium of a dozen articles on “The New Industrial South” in *American Labor Legislation Review*, Vol. XVIII, No. 1, March, 1928, pp. 13-49.



that justice which people of forty-three states have given the workers of our land is beyond our comprehension."

There is one factor, however, that serves to disrupt what would otherwise be a united front on the part of organized labor. The railroad brotherhoods are opposed to workmen's compensation. Railroad workers if injured in interstate commerce are protected by the liberal United States Employers' Liability Act, and a state legislature, of course, has no jurisdiction over these employees. Despite this constitutional limitation and the fact that bills introduced have, in addition, specifically exempted railroad employees engaged in interstate commerce, nevertheless, representatives of the Brotherhoods have appeared at legislative hearings and opposed the enactment of a state compensation law. Legislators naturally interpret such opposition as evidence of lack of agreement on the question among the workers themselves and this fact unquestionably accounts in part for the failure of the legislatures to take definite action. Moreover, they are dissuaded from the adoption of the compensation principle by arguments which were heard and rejected in other states fifteen and twenty years ago.

In Florida during the last days of the 1927 session, a thoroughly modern accident compensation bill was defeated in the House by a vote of 47 to 34. At Columbia, South Carolina, efforts to secure the introduction of a bill this year in order that there might be a specific measure for discussion were unsuccessful until just before the legislature adjourned when it was too late for public hearings.

The American Association for Labor Legislation is continuing its educational campaign in cooperation with interested citizens in these states to secure thoughtful and deliberate consideration of workmen's compensation on its merits. A carefully considered bill prepared by this Association is now being discussed in Arkansas at state-wide conferences in anticipation of the legislative session next year. Mississippi is almost wholly unresponsive to the modern movement for accident compensation. Thousands of copies of printed material on accidents—their prevention and compensation—have recently been distributed in North Carolina where there is special need of early action.

Will the legislatures of Arkansas, Florida, North and South Carolina which meet in 1929 register the increasing public sentiment in favor of this much-needed legislation and enact adequate compensation laws?

## Progress in Workmen's Compensation Legislation in 1928

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NEW JERSEY may be credited with having taken the most important forward step in 1928 toward providing more nearly adequate workmen's compensation benefits.

The new amendment which was finally adopted only after most strenuous efforts on the part of the New Jersey State Federation of Labor and others friendly to the bill<sup>1</sup> raises the inadequate \$17 weekly maximum to \$20. It also increases the weekly minimum to \$10 and in addition provides more substantial benefits for the loss of an arm, a hand, a thumb and a forefinger.

At the public hearing at Trenton on March 5, the Senate Chamber was filled to overflowing with labor men and women from all parts of the state. In addition to officials of the Federation of Labor who spoke in favor of the bill, representatives of the American Association for Labor Legislation were present to endorse the measure. Despite the opposition of certain employing interests, several prominent manufacturers also asked the Senate committee for a favorable report.

The House, in a stormy session, passed the bill on March 29—more than two weeks after its approval by the Senate on March 12. Sixteen American workmen's compensation laws now provide a weekly maximum of \$20 or more.

The New York legislature failed to promote the two most urgently needed adjustments to the workmen's compensation law. The bills to extend the \$25 weekly maximum, which now applies only to total disability, to other classes of disability, and the bills to provide compensation for all occupational diseases were not even reported out of committee. An amendment was adopted extending compensation protection to disability or death caused by "direct contact with" any of the occupational diseases on the limited list in the law;<sup>2</sup> but until an all-inclusive occupational disease provision is enacted, wage-earners in this state will not be adequately pro-

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<sup>1</sup> See "Opposition Is the Victim of Its Own Tactics in New Jersey" on page 235 of this REVIEW.

<sup>2</sup> Heretofore compensation was payable only for disability or death due to "any process involving the use of" any of the listed occupational diseases.

tected against the hazards due to the increasing use of industrial poisons. The 1928 legislature in this state did, however, adopt desirable provisions authorizing the state fund to insure New York employers under the federal Longshoremens's Act, extending the act to include employments even though not carried on for pecuniary gain (hitherto exempted from the law) and requiring the licensing of every person, exclusive of attorneys, who represents a claimant before the industrial board.

Special attention should be called to the legislative record in Virginia which has one of the most inadequate workmen's compensation laws in the United States. The ten-day "waiting period," the weekly maximum of \$12, the 50 per cent wage scale and the limit of 60 days on medical benefits were among the glaring inadequacies that the State Federation of Labor endeavored to remedy by proposed amendments. But the legislature refused to enact any bill which would increase the already high cost of workmen's compensation. The Virginia act does not provide for a state fund. Nowhere is the issue more clearly defined between private casualty company insurance with shamefully inadequate benefits and state fund insurance by which reasonably substantial compensation can be paid at a cost that is not burdensome to the employer.

The American Association for Labor Legislation is continuing its efforts to secure improving amendments to the workmen's compensation laws of the forty states which meet in legislative session in 1929.

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### **"Not Quite True"**

REPRESENTATIVE William I. Sirovich, member of Congress from New York City, in a letter to the *New York Times*, takes sharp issue with statements made recently by P. Tecumseh Sherman, a spokesman for the National Civic Federation which is attacking the movement in this country for old age pension legislation. Mr. Sherman was quoted as saying that State old age pensions are "a discredited experiment." Representative Sirovich writes: "Mr. Sherman, of course, knows that this is not quite true since something like thirty-five nations to-day are caring for their dependent aged through systems of old age pensions or insurance. Since the World War fourteen additional countries adopted such plans and only a month ago, France, the most thrifty and individualistic nation, enacted one of the most comprehensive systems of social insurance."

## Constitutionality of Longshoremen's Compensation Act Upheld

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THE New York Court of Appeals—the highest court in the state—has upheld the constitutionality of the federal Longshoremen's and Harbor Workers' Compensation Act in the case of *Chernik v. Clyde Steamship Company*.

The action was brought by a longshoreman who was injured while at work on a lighter discharging the S. S. *Delaware* of the Clyde Line. He sued the steamship company for \$10,000 damages. The defendant moved to dismiss the suit on the ground that Chernik at the time of the injury was under the jurisdiction of the Longshoremen's Act and was entitled exclusively, therefore, to the benefits provided by this new federal law.

The sole question at issue was that of constitutionality. The Supreme Court, in granting the motion, sustained the Act and the Court of Appeals on April 10 handed down a decision affirming without opinion the order of the lower court thus upholding the Act as constitutional. It is interesting to note that in addition to the brief filed by the defendant company, a supporting memorandum was submitted by the Longshoremen's Association.

This test case, it is understood, will be carried to the Supreme Court of the United States. It would appear that many of the contentions of the plaintiff (such as, for example, that the Act conflicts with the Fifth Amendment of the Constitution) have already been disposed of by the Supreme Court in other cases.<sup>1</sup> The fundamental question at issue is whether or not Congress can provide a federal compensation law for longshoremen when injured on navigable waters and the opinion in the Dawson case<sup>2</sup> would indicate that it may do so.

Those who have followed the amazing history of the ten years' effort to secure workmen's compensation protection for longshoremen will watch this latest development with keen interest.

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<sup>1</sup> See, for example, *New York Central R. R. Co. v. White*, 243 U. S. 188.

<sup>2</sup> *Washington v. Dawson*, 264 U. S. 219.



## Official Report Says Need Is "Vital" for Cooperation in Administering Rehabilitation and Compensation Legislation

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**E**IGHT years of progress under federal-state cooperation in vocational rehabilitation of industrial cripples have brought us to the point where action must be taken and policies fixed so as to carry on the work into the future on a uniformly high level of effectiveness.

One of the four immediate steps that should be taken to this end, as pointed out in this REVIEW for December,<sup>1</sup> is general acceptance of the essential policy of **administering vocational rehabilitation in close connection with workmen's compensation.** It is vital to the success of this legislation that emphasis be kept upon **rehabilitation**, avoiding any tendency to confine this service within the scope of education alone.

The American Association for Labor Legislation has from the beginning held that compensation laws would fall short of their purpose if they were not accompanied by vocational rehabilitation—neither functions properly without the other. This program has been approved by the highest authority when the United States Supreme Court upheld the New York law providing for a special fund to be used for the maintenance of the most needy cripples while they are being retrained for suitable jobs—and thereby upheld the principle of extending workmen's compensation to aid directly in rehabilitation.<sup>2</sup>

In a 146-page bulletin recently issued by the Federal Board for Vocational Education<sup>3</sup> emphasis is placed upon the "vital" need for maintaining close relationship between state compensation commissions and state rehabilitation departments in the administration of this legislation.

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<sup>1</sup> "Important Next Steps in Vocational Rehabilitation," *American Labor Legislation Review*, Vol. XVII, No. 4, December, 1927, pp. 266-268.

<sup>2</sup> *Sheehan & Co. v. Shuler*, 265 U. S. 371.

<sup>3</sup> "Workmen's Compensation Legislation in Relation to Vocational Rehabilitation." Bulletin No. 126.

"It is a well established fact," this official report states, "that, in states that have liberal compensation laws or liberal administration of their laws, and where advantage is taken of this condition, rehabilitation officials accomplish a higher percentage of successful rehabilitations than can be obtained in states where the legislation is less favorable. Consequently rehabilitation workers should and do have an interest in assisting in every way they can in the promotion of better compensation legislation. It is just as important, however, for them to work to the end of having disabled workers receive maximum benefits under the compensation acts as they now exist. The establishment and promotion of close cooperative relationship between the compensation commission and the state rehabilitation department is vital to the accomplishment of this objective."

Significantly, as a result of this study, the federal bureau concludes that "the responsibility for developing effective cooperation belongs to the officials of the rehabilitation department." The report points out that "experience in a number of the states has indicated the kind of cooperation between the rehabilitation and compensation agencies that can and should be had." And it presents a well considered suggested plan of cooperation that should be of special interest and assistance to all administrative officials concerned.

The report carries the sub-title "An Analysis of Certain Provisions of Workmen's Compensation Laws Showing Their Relation to the Administration of Vocational Rehabilitation of Disabled Persons." The last two sections contain a summary analysis and a comparative chart of principal sections of compensation laws having a direct relation to state rehabilitation programs. The first three sections cover—

1. A description of cooperative relations now being maintained in four selected states—New York, Ohio, Wisconsin and Utah—embodying types of working relations between "the two state agencies which are vitally interested in prompt return of the disabled worker to remunerative employment."
2. Fundamentals of effective cooperation between rehabilitation and compensation agencies.
3. An analysis of those provisions of the compensation laws—including the two federal acts for civilian employees of the Govern-

ment and for longshoremen, as well as the state laws—that provide for medical benefits, artificial appliances, awards for temporary and permanent disabilities, special funds for compensation for second injuries, and maintenance while the disabled person is being rehabilitated.

“These are all phases of compensation,” says the report, “with which rehabilitation workers should be thoroughly familiar if they are to be equipped to provide the most effective service to those who seek their assistance.”

This government bulletin was prepared under the direction of John Aubel Kratz, chief of vocational rehabilitation, by Frank J. Clayton, federal agent specializing in compensation and labor problems on the rehabilitation staff of the Federal Board for Vocational Education. It is admirably designed as an aid to state rehabilitation officials, primarily, but also to compensation officials, legislators and others having an interest and a responsibility in the work of shaping and administering compensation and rehabilitation laws so that they will, together, adequately and effectively carry out society’s duty to industrial cripples.

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## **Vocational Rehabilitation for District of Columbia Now Up to Congress**

**A**T the annual meeting of the American Association for Labor Legislation at Washington last December stress was placed upon the need for adoption by Congress of legislation to provide vocational rehabilitation of industrial cripples in the District of Columbia as well as adoption of a law to provide accident compensation for private wage-earners in the District.

Vocational rehabilitation for the District is provided in a bill now pending in Congress (H.R. 13251) introduced by Representative Summers of Washington State. A favorable hearing was given this legislation by the House Education committee on April 11. Secretary John B. Andrews of the American Association for Labor Legislation, appearing in behalf of the bill, pointed out that forty-one states are already cooperating with the federal government in the rehabilitation of industrial cripples, and that the need in the District for this modern legislation, as well as for accident compensation, is urgent. On May 8 the bill was reported favorably by the committee.

Now that Congress has on May 14 at last enacted an accident compensation law for wage-earners in the District, it should not delay in passing the companion legislation embodied in the Summers bill for vocational rehabilitation.

# Is Compulsory Arbitration in Kansas Dead or Only Sleeping?

By EDWARD BERMAN  
*University of Illinois*

(EDITOR'S NOTE: When, a few years ago, the United States Supreme Court handed down several decisions against the much-discussed Kansas "Industrial Court" Act of 1920, the impression prevailed widely, even among students of compulsory arbitration, that the unique attempt of Kansas to enforce industrial peace had been entirely thwarted. Those who believe in the principle of collective bargaining were encouraged by the stand taken by the highest court. The following article by Professor Berman, who has made a careful study of all the decisions on the Kansas act, raises the important question whether there is not enough life still left in the law to make trouble in certain industries in case the administrative officials see fit to resurrect it. The article throws light on a significant aspect of labor law administration in America, a subject in which the American Association for Labor Legislation is especially interested.)

THERE has been a widespread opinion that the Kansas Industrial Relations Act, passed in 1920, is a thing of the past. It will be recalled that the act provided for compulsory arbitration of labor disputes in transportation, public utilities, and the industries engaged in the preparation of food, the production of fuel, and the manufacture of clothing. It prohibited strikes, lockouts, and picketing in these industries. A series of important court decisions has led to the conclusion on the part of some writers that the law is no longer in effect.

The more accurate view, however, is quite different, and may be stated as follows:

(1) Compulsory arbitration in the food, fuel, and clothing industries is no longer a part of the Kansas law, the United States Supreme Court having ruled against this measure in 1923, 1924, and 1925.<sup>1</sup>

(2) Compulsory arbitration in the transportation and public utility industries is still a part of the Kansas law, no decisions having been rendered against it, no change with respect to it having been made by the legislature, and the United States Supreme Court having given reasonably clear indications that it would probably be considered constitutional.

(3) The prohibition of strikes, lockouts, and picketing is to-day provided by law in Kansas not only in transportation and public utilities, but also in the food, fuel and clothing industries. Not only

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<sup>1</sup> 262 U. S. 522; 264 U. S. 286, 289; 267 U. S. 552.



has no court held to the opposite view; not only has no change been made by the legislature, but the Kansas Supreme Court has, in one important decision, rendered in July, 1924,<sup>2</sup> upheld the prohibition of strikes even for those industries in which compulsory arbitration had been held unconstitutional by the United States Supreme Court.

A brief résumé of the important decisions will demonstrate the accuracy of these conclusions.

### I.

The Charles Wolff Packing Company challenged the constitutionality of the Act of 1920 in a series of cases. The company maintained before the state and federal supreme courts that the act deprived it of liberty and property without due process of law and therefore violated the Fourteenth Amendment. In each instance the Kansas Supreme Court denied this contention and upheld the act as a proper exercise of the police power.<sup>3</sup>

The United States Supreme Court took the opposite view. In the first Wolff case,<sup>4</sup> decided in June, 1923, the Court asserted that the Kansas Act, to the extent that it permitted the fixing of wages in the company's packing plant, deprived the firm of its property and liberty of contract without due process of law. It will be noted that the declaration of the Court was somewhat limited in character. Nevertheless it laid down principles justifying the supposition that it would have ruled similarly with respect to other competitive industries. In fact the Court, in the following year, declared that the principles it laid down in the first Wolff decision, were also applicable to the mining industry.<sup>5</sup> It is therefore reasonable to assume that the same rule would apply to the manufacture of clothing.

After the Wolff decision had been rendered, a difference of opinion developed between the Industrial Relations Court and the Wolff Company as to the effect of the Supreme Court's order. The company asserted that the Court had ruled against compulsory arbitration as a whole. The Kansas body asserted that the Court's ruling applied only to wage fixing, but not to hours and working conditions. On appeal the state supreme court upheld the Court of

<sup>2</sup> *Kansas v. Howat*, 116 Kan. 412.

<sup>3</sup> 109 Kan. 629, October, 1921; 111 Kan. 501, June, 1922; 114 Kan. 304, October, 1923; 114 Kan. 487, November, 1923.

<sup>4</sup> *Wolff v. Court of Industrial Relations*, 262 U. S. 522.

<sup>5</sup> *Dorchy v. Kansas*, 264 U. S. 286, 289.

Industrial Relations.<sup>6</sup> The company once more appealed to the United States Supreme Court, which, in April, 1925, handed down its decision in the second Wolff case.<sup>7</sup>

The Court asserted that the fixing of hours was part of the system of compulsory arbitration, and that the principles which it had laid down in the earlier case with respect to the fixing of wages in the packing industry were applicable to the system of compulsory arbitration in that industry. In view of the earlier extension of these principles to the mining industry, as above related, the conclusion that compulsory arbitration in the food, fuel and clothing industries is no longer in effect seems a valid one.

## II.

The conclusion that compulsory arbitration in the transportation and public utility industries is still a part of the Kansas law, to the extent that it is based on court decisions, rests primarily on two facts. In the first place neither the state nor federal court has expressly declared against it. Secondly, the decision written by Chief Justice for the United States Supreme Court in the first Wolff case rather clearly indicates a support of such compulsory arbitration. The state court had based its support of the Kansas Act upon the higher Court's decision in *Wilson v. New*.<sup>8</sup> In that decision the Supreme Court had upheld the constitutionality of the Adamson Act, passed by Congress in 1916, which regulated the wages of train service employees on the railways, and which was said by the Supreme Court to be in the nature of compulsory arbitration.

The Chief Justice refused to accept *Wilson v. New* as a precedent for the support of compulsory arbitration in packing. He called attention to the great difference between competitive industries like packing, and industries like transportation. He pointed to the great difference in the extent of public danger which would result from strikes in the different kinds of industries. He made it clear, furthermore, that the nature of such industries as transportation made them legitimately subject to a very large degree of public regulation, whereas this was not true of industries like packing. The police power could not be carried so far as to justify

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<sup>6</sup> 114 Kan. 487, November, 1923.

<sup>7</sup> 267 U. S. 552.

<sup>8</sup> 243 U. S. 332, 1917.

compulsory arbitration in packing. The implication was clear that it might do so in transportation and public utilities, though the decision did not say so directly.

### III.

What about the prohibition of strikes, lockouts, and picketing in food, fuel and clothing?

It was thought by some that when the Supreme Court laid down principles which were held to destroy compulsory arbitration in these industries the prohibition of strikes fell at the same time.

In March, 1924, the Supreme Court heard an appeal of the miners' leaders in Kansas from a decision of the state court holding them guilty of violating the act by calling a strike.<sup>9</sup> The appellants asserted that the act, by prohibiting strikes, deprived them of liberty in violation of the Fourteenth Amendment. The United States Supreme Court decided that, in view of its stand in the first Wolff case, the Kansas Supreme Court should decide whether the prohibition of strikes still stood or whether it had fallen as a part of the system of compulsory arbitration.<sup>10</sup> In July, 1924, a majority of that court upheld the prohibition of strikes as an independent measure, despite the invalidity of compulsory arbitration in certain industries.<sup>11</sup> Two of the justices entered very vigorous dissents, asserting the unfairness of the law as it stood under the view of the majority.

The miners once more appealed to the United States Supreme Court. This time that body had to render a decision on the constitutionality of the prohibition of strikes. It decided the case in October, 1926.<sup>12</sup> Instead, however, of deciding on the important issue which had so often come before it and the state court—that of the constitutionality of the general prohibition of strikes—it preferred to confine its attention to the question of the particular strike before it. It declared that that strike had been called to compel an operator to pay a "stale claim" to a miner named Mish-mash; that such a strike was clearly coercive and illegal at common law, and that a statute having the effect of prohibiting such a strike could not be held unconstitutional. In other words, the Supreme Court left the legality of the general prohibition of strikes just where the state court had left it. The conclusion seems clear, there-

<sup>9</sup> 112 Kan. 235, November, 1922.

<sup>10</sup> *Dorchy v. Kansas*, 264 U. S. 286.

<sup>11</sup> *Kansas v. Howat*, 116 Kan. 412.

<sup>12</sup> *Dorchy v. Kansas*, 47 Sup. Ct. Rep. 86.

fore, that the prohibition of strikes and picketing in all the industries originally covered in the Act of 1920, to the extent that the matter has been affected by the courts, is still a part of the Kansas law.

The Kansas legislature, in 1925, passed a law abolishing the Court of Industrial Relations, establishing a new Public Service Commission, and transferring to the latter body all the powers and duties possessed by the former.<sup>13</sup> The commission was also given the powers and duties of several other state agencies, such as the tax commission. It should be clear that this act had no effect whatever, from the legal point of view, upon the extent of compulsory arbitration and the prohibition of strikes.

In order to learn what the Kansas authorities thought of the status of the Act of 1920, letters were sent, in April, 1927, to Mr. John H. Crawford, director of the labor department of the Public Service Commission, and to Mr. William A. Smith, Attorney General of the state.

Mr. Smith gave answers specifically supporting the foregoing conclusions on each point. The prohibition of strikes and picketing in all the industries originally included in the act was still on the statute books. So was provision for the compulsory arbitration of disputes in transportation and public utilities.

Mr. Crawford's reply being rather uncertain in meaning, a second letter was addressed to him, asking specifically whether "the present commission had any power to settle disputes in such industries as the public utilities and transportation." On April 26, 1927, he wrote the following answer:

The U. S. Supreme Court in the Wolff Packing Company case held that any scheme of compulsory arbitration was unconstitutional. It was following this that the Court of Industrial Relations was abolished by the legislature.

It seems as if the writer wished to convey the impression that compulsory arbitration was dead in Kansas. He was in error, of course, in declaring that the Supreme Court had ruled against "any scheme of compulsory arbitration;" and also in declaring that the legislature had acted after the Wolff decision. The Supreme Court had not ruled against compulsory arbitration (as opposed to wage fixing) in packing until April, 1925, whereas the legislature had passed the act abolishing the Industrial Court a month earlier, in March, 1925. Apparently the official charged with administering

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<sup>13</sup> Chap. 258, Laws of 1925, approved March 9, 1925.



what is left of the Act of 1920 prefers to ignore the power he possesses under the law.

Without entering into any further discussion in this article it may be worth while to state briefly several problems deserving consideration.

(1) The authorities charged with the administration of compulsory arbitration and the prohibition of strikes in Kansas prefer to ignore their power under the law. Are trade unionists and liberals justified in assuming that these authorities will continue to follow this policy, or is there serious danger that workers may, at any moment that the authorities consider opportune, find themselves severely hedged about by the restrictions of the act?

(2) Is any law justifiable which prohibits strikes and lockouts without at the same time providing for compulsory arbitration?

(3) Should the American labor movement and those interested in progressive labor legislation do all in their power to remove from the statute books of Kansas all that is left of the Act of 1920, at least so far as it relates to the food, fuel, and clothing industries?

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## Coal Dust Explosions Are Needless

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**P**POINTING out in a recent public statement that coal mine explosions "have killed thousands of coal miners in this country during the past quarter century," the United States Bureau of Mines reports that there has been an average of eight "major" mine explosions a year in bituminous mines in the past twenty-five years, killing on the average of 252 miners each year. In one recent year, 1924, coal dust explosions took 444 lives!

This shocking death toll is needless. "Major" explosions are those that cause the death of five or more persons, and, says the Bureau of Mines, "**virtually all are coal dust explosions in bituminous mines.**" Rock dusting, as urged by the American Association for Labor Legislation in its present campaign for the prevention of needless coal mine accidents, is recommended by the Bureau "to prevent ignition and propagation of explosions of bituminous coal dust." The statement says: "**It is the firm belief of the Bureau of Mines that major mine explosion disasters can be eliminated in this country if the proper preventive measures are taken.**"

# Once More a Mine Tragedy!

## PROGRAM OF PREVENTION

**S**INCE the March issue of this REVIEW appeared, there has been still another "major" coal mine explosion—this time at Keystone, W. Va., on April 2, in which **8 miners were killed**. Four such disasters have occurred thus far in 1928, **killing a total of 54 miners**.

An explosion at West Frankfort, Ill., January 9, killed 21 men, while more than 600 who were at work in the mine escaped without injury—a fact which led the *Chicago Tribune* to point out that if this mine had not been partially rock-dusted "the toll would have been far greater." The section of the mine in which the explosion occurred had not been rock-dusted. At Parnassus, Pa., February 20, an explosion took 12 lives, and on February 24 at Jenny Lind, Ark., 13 men met a similar fate.

The death toll resulting from coal dust explosions would have been vastly greater than 162 in 1927 and 54 thus far in 1928 if it were not for the progress made in rock dusting. At least 730 miners in 1927 alone owe their lives to rock dust.

**In the past six and a half years 72 "major" coal mine explosions have caused the death of 1,930 miners.**

In 1927, 9 explosions killed 162 men.

In 1926, 16 explosions killed 349 men.

In 1925, 10 explosions killed 237 men.

In 1924, 10 explosions killed 459 men.

In 1923, 5 explosions killed 265 men.

In 1922, 11 explosions killed 264 men.

That the record for the past three years is not quite as shocking as that for 1924 is doubtless due in a measure to the remarkable, though belated activity of coal companies, beginning in 1924, in installing the rock dust safeguard in their bituminous mines—activity which has continued in 1928 until more than 268 mine companies are now rock dusting. However, every year of delay by the states in adopting laws to require rock dusting of all bituminous mines means the tragic killing of hundreds of men.

Scores of editors and writers have in recent months co-operated in the campaign for the prevention of needless coal mine accidents by demanding that state legislatures promptly enact laws to require the rock dusting of bituminous mines to prevent coal dust explosions.

How much longer shall these killings continue? ("The great explosions should not be considered to be normal occupational accidents," says the director of the federal Bureau of Mines.) When will the public insist upon removing for all time the dreaded spectre of violent death that stalks through the mines? These questions—which must here again be raised—have been asked in every issue of this REVIEW since December, 1922.

Mine bureaus have existed for many years. Accident com-

pensation laws have provided at least partial relief for those left dependent. **But safety standards are still inadequate. In ten years we have killed more than 25,000 coal miners!** The United States Bureau of Mines has shown that many of the worst hazards of mining can be eliminated. The director of the Bureau has declared that "explosions can and must be prevented." Results, however, depend upon local and state action.

In order to make safety work in the mines more effective the American Association for Labor Legislation is urging the adoption of a program for strengthening protective legislation, which includes—

1. **The adoption of uniform legal minimum standards of safety;**

2. **The use underground of no explosive that is not after scientific investigation numbered among the "permissibles;" the strict limitation of "shooting off the solid;" and the use of shale or approved rock dust to check the spread of coal dust explosions;**

3. **Reward careful employers and penalize the less scrupulous, by the universal adoption of schedule rating for insurance under accident compensation laws, with a further graduated penalty for cases of willful failure to put into effect legal safety regulations;**

4. **An adequate mine inspection staff selected upon a merit basis of training and experience, fairly paid, for reasonably long tenure of office and protected from partisan interference whether political or industrial;**

5. **Greater public authority, federal and state, to procure and disseminate information, and to establish and maintain on a uniform basis reasonable minimum standards of safety.**

The Association's program of prevention of needless coal mine disasters—discussed more fully in this REVIEW for March, 1924—has aroused widespread interest. It has been put forward during the past three and a half years with the active cooperation of the press, and after consultation with mine operators and engineers, representatives of the miners' organizations, state and federal mine inspectors, and an examination of published records.

As a result of the Castle Gate explosion in March, 1924, Utah promptly pointed the way by adopting the most comprehensive coal mine safety code in America, including the required use of rock dust. Five additional states—Pennsylvania, Wyoming and West Virginia in 1925, and Indiana and Ohio in 1927—have already enacted laws providing for the rock dusting of bituminous mines.

**Why should there be further delay in the other nineteen bituminous states in taking the necessary preventive measures? Why continue NEEDLESSLY to destroy property in an essential industry and sacrifice additional hundreds of precious human lives?**

## Progress in Rock Dusting

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**D**URING the five and a half years that have passed since the American Association for Labor Legislation undertook its present campaign for the prevention of needless coal mine accidents, substantial progress has been made in rock dusting bituminous mines to prevent disasters due to coal dust explosions.

Details of this progress have been reported in each issue of this REVIEW. Already six states—Utah (1924); Pennsylvania, Wyoming and West Virginia (1925); Ohio and Indiana (1927)—have enacted laws providing for rock dusting. Since December, 1922, when only 3 companies were found using the rock dust safeguard, more than 265 additional companies have adopted rock dusting. As a result of the campaign thus far, with the generous and effective cooperation of the press, the public has been widely informed as to the effectiveness of the rock dust remedy in preventing these needless disasters. Public opinion may be expected to accelerate adoption of rock dusting legislation in the nineteen bituminous states that have not yet acted.

Data recently compiled by the United States Bureau of Mines show that by the middle of 1927 **“the mines using rock dust produce about 24 per cent of the country’s bituminous coal.”** At that time 239 coal companies in 17 states were using rock dust in 485 mines, in which 109,000 underground workers were employed. About 6½ per cent of the total number of operating mines, and about 21 per cent of the underground workers in the bituminous industry are thus protected by rock dust against coal dust explosions. This represents encouraging progress, but it also emphasizes the need for continued efforts to make the practice of rock dusting universal.

Two bituminous states—Kentucky and Virginia—this year held legislative sessions. The American Association for Labor Legislation called attention in these states to the need for adoption of rock dusting legislation as embodied in the “Standard Bill” for uniform state action, and pointed out the grave responsibility now resting on legislators to prevent further needless loss of life in mine catastrophes. These legislatures, however, adjourned without action on this important measure of accident prevention.



This Association is continuing its work for coal mine safety. As expressed in a resolution adopted by our Executive Committee recommending and urging adoption of the "Standard Bill" in all soft coal mining states, "coal dust explosions are a frequent cause of fatal mine accidents; mine safety engineers, after successful experiments, now strongly recommend rock-dusting to prevent these coal dust explosions; mine bureau chiefs and inspectors also endorse this effective method of preventing needless sacrifice of human life, destruction of property and expense to the community, and the American Engineering Standards Committee after the most careful investigation and consideration has drawn up the 'standard practices' for rock dusting which the American Association for Labor Legislation has since embodied in a standard bill ready for introduction in state legislatures on a uniform basis." This bill<sup>1</sup> will be pressed for adoption in the seventeen bituminous states holding legislative sessions in 1929.

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## Mine Laws Ignored—Explosion Kills Twelve

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A COAL mine explosion at Parnassus, Pa., February 20, killed 12 miners—10 in the mine where the explosion occurred and 2 in an adjoining mine.

The verdict of the Coroner's jury on March 15, following testimony by experts including a commission of bituminous inspectors, declared that "**we find the explosion was caused by the failure of the proper mine officials to operate the mine as required by the bituminous mine laws of the state of Pennsylvania.**"

Here is a verdict with "teeth" in it. It presents a challenge which goes to the root of effective labor law enforcement.

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<sup>1</sup> See "'Standard Bill' for Rock Dusting," *American Labor Legislation Review*, Vol. XVII, No. 1, March, 1927, pp. 64-66.

## Official Credit Given to Rock Dust Campaign

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**I**NCREASING use of rock dust in bituminous mines is largely responsible for the fact that fewer miners were killed in major coal mine explosions in 1927 than in 1926, according to Scott Turner, director of the United States Bureau of Mines, writing in *Coal Age*. He says:

“Explosions of gas and dust, and the number of deaths resulting from them, were fewer in 1927 than in 1926. \* \* \* The reduction in the rate was entirely in the class of accidents known as major disasters—that is, accidents in which five or more lives were lost. Only 9 major disasters, with a loss of 162 lives, were reported for the past year, as compared with 16 such disasters and a loss of 348 lives for 1926. The death rate from explosions of a non-major character—those that killed 1 to 4 men—was about the same as in 1926. It is reasonable to believe that the campaign to bring about a more wide-spread use of rock dust in bituminous coal mines has contributed, indirectly as well as directly, to the improvement in the industry’s experience as to major explosions in 1927.

This conclusion is reinforced by the Bureau’s earlier statement (see this REVIEW for March, p. 99) calling attention to the effectiveness of rock dusting as a safety measure. It was pointed out that during the two years from January 1, 1926, to January 1, 1928, there were 20 major coal mine explosions in which 475 men were killed. “During this period explosions of gas and dust started at 11 rock-dusted mines, but were early extinguished by rock dust. While there was a death list of 86 men, more than 2,000 men, who were working in these rock dusted mines and therefore liable to be killed, escaped.”

With evidence accumulating year by year proving the effectiveness of rock dusting in preventing coal mine catastrophes, and with coal dust explosions continuing to take a shocking toll of human lives, why should any state delay longer in adopting rock dusting legislation to put this safety measure into universal practice and end these NEEDLESS killings?

## A Challenge to Coal Mine Executives

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“IN accident prevention, little, if any, progress is being made by the coal mining industry.”

This declaration was made by Eugene McAuliffe, president of the Union Pacific Coal Company at a meeting of the National Safety Council last September.<sup>1</sup>

Commenting on Mr. McAuliffe's outspoken address, the editor of *Coal Mine Management* writes:

We were sitting near the rear of the room during his talk, and caught several whispered comments, the general tenor of which was, "He's right!"

When opportunity was given for discussion from the floor not one of the safety men present questioned a single statement. \* \* \* The question propounded indirectly by Mr. McAuliffe was, "What is the reason for the abnormally high death rate in American coal mines?" We wish to pass this question to every mine executive with the request that you write us expressing your frank opinion, supported by such evidence as you may be able to offer.

The replies made by coal mine executives to this invitation should prove interesting. Mr. McAuliffe's answer to the question, in the address so favorably received by the safety experts, was that the chief responsibility for the shockingly high death rate in American mines lies in the "strange psychology" afflicting the bituminous industry, "with self-constituted spokesmen shouting 'stand back, everybody; let us alone and we will fix things,' with nothing being fixed."

Measures urged by Mr. McAuliffe to promote accident prevention in the coal industry are encouragingly in accord with the coal mine safety program of the American Association for Labor Legislation, and include "the formulation and adoption of a modern, scientifically prepared code of mine safety standards, written in such manner that they can be adopted by the several states."

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<sup>1</sup> See "Coal Company President Points Out the Shame of the Coal Industry in Resisting Safety Work," *American Labor Legislation Review*, Vol. XVII, No. 3, September, 1927, pp. 212-214.



# Roll of Honor of Coal Companies Using Rock Dust to Prevent Coal Dust Explosions

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## 268 Companies in Eighteen States and Canada!

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**W**HEN in December, 1922, after calling attention to the increasing toll of lives in coal mine disasters, the American Association for Labor Legislation opened its present campaign for the adoption of preventive measures, it was able to secure from federal and state official sources the names of only three coal companies in the United States and Canada that were using rock dust to prevent coal dust explosions.

As the campaign has progressed during the past five years, the Association has been informed of the installation of rock-dusting methods by at least 265 additional companies. Such companies should be commended for taking the lead in the adoption of this simple, reasonably inexpensive and effective safeguard against disasters.

The full list of coal companies that have equipped one or more of their mines with the rock dust safeguard, or have begun to install it, appears in this REVIEW, for September, 1927, pp. 217-219. Additions to the list, as of June 1, 1928, are as follows:

**ALABAMA**—Consolidated Coal Co.

**GEORGIA**—Durham Coal and Iron Co.

**ILLINOIS**—Saline County Coal Corporation; Franklin County Coal Co.; Brewerton Coal Co.

**INDIANA**—Vandalia Coal Co.; Vigo Coal Mining Co.; Horton Coal Co.

**OHIO**—Ohio and Pennsylvania Coal Co.

**OKLAHOMA**—Messena Coal Co.

**PENNSYLVANIA**—Shannopin Coal Co.

**WEST VIRGINIA**—American Coal Co. of Allegheny County; American Rolling Mill Co.; Ben Franklin Coal Co. of W. Va.; Continental Coal Co.; Cosgrave-Meehan Gas Coal Co.; Cranberry Fuel Co.; Crown Coal Co.; Dragon Coal Company; Lillybrook Coal Co.; Logan Chilton Coal Co.; Pocahontas Corporation; Stuart Colliery Co.; White Oak Fuel Co.; Wheeling Coal Co.; Morgantown Gas Coal Co.

**WYOMING**—Kemmerer Coal Co.; Diamond Coal and Coke Co.; The Colony Coal Co.; Blazon Coal Co.; Owl Creek Coal Co.; Gunn-Quealy Coal Co.





## Court Administration Unsited to Workmen's Compensation Laws

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COMPLICATED, tedious and expensive litigation; corrupt practices; antagonisms aroused between employers and employees, were among the indictments found against the system of suits for damages under employers' liability. Workmen's compensation was substituted. But in seven states, if a worker injured in an industrial accident is to enforce what he professes to be his rights under the compensation act, he must resort to action in a court of law. The laws of Alabama, Louisiana, New Hampshire, New Mexico, Rhode Island, Tennessee and Wyoming are administered by the courts.

Evils incident to the outworn system of suits for damages are necessarily carried over to court administration of workmen's compensation laws. The delay involved in court procedure is typified in an investigation of the operation of the New Jersey Compensation act before the creation of an administrative board.<sup>1</sup> The average time elapsing between the date of accident and the date of award in fatal cases on record in 1914 was thirty-four weeks and in non-fatal cases thirty-seven weeks. A widow and five children waited seventeen weeks for an award of \$1,500; a dependent mother waited two years and eight weeks for an award of \$1,500 in weekly payments. Similarly in Illinois, in eighteen fatal cases the average time was seven months and twelve days.<sup>2</sup>

The services of an experienced attorney are usually indispensable if a claimant's rights are to be protected and adequately presented before the court. Attorneys' fees reduce substantially the amount of compensation that may be awarded. In 1914, in New Jersey, counsel fees in 173 cases out of 428 ranged from \$5 to \$300—a total expenditure of \$10,213. In 1913 with an average award of \$756 the cost of court proceedings equaled between one-fifth and one-fourth of the awards and the total cost of litigation was esti-

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<sup>1</sup> See "Three Years Under the New Jersey Workmen's Compensation Law," report of an investigation under the direction of the Social Insurance Committee of the American Association for Labor Legislation. *American Labor Legislation Review*, Vol. V, No. 1, March, 1915, pp. 36-102.

<sup>2</sup> Maryland and New York Insurance Departments, Report on examination of the Maryland Casualty Company, 1914, p. 28.

mated to be between \$50,000 and \$60,000 a year.<sup>3</sup> By the present terms of the Louisiana compensation act, a lawyer who renders services to an employee may receive as much as 20 per cent of the amount of the award.

Moreover, courts are not suited—nor are they equipped—to handle compensation cases. Considerations such as the nature of injury, extent of disability and determination of wage earning capacity demonstrate that proper disposition of a claim requires not only familiarity with the compensation law but economic and medical knowledge as well. A judge is not likely to be familiar with industrial processes nor has he time or opportunity to become a specialist in this branch of law. Again, a claim is not necessarily disposed of in one hearing. Many cases require a hearing once a week for months, perhaps, before final disposition. A man, partially disabled to-day, may become totally incapacitated two weeks hence owing to unforeseen complications. There are records of continuous awards made for months on end—one or two years elapsing before the case is finally closed. The courts are not suited to such procedure nor can they undertake the function of employing independent investigators in order to secure further information or competent testimony necessary to an equitable adjudication of the claim.

These factors tend to compel the courts to encourage settlements and commuted payments. The majority of injured workmen, rather than spend the time and money necessary for the successful completion of court cases, are led to make direct settlements of their claims with the employer or insurer.

Investigations have shown that wherever direct settlements are common, serious underpayments of workers occur. In 1913, in New Jersey, 206 irregular settlements occurred of which 141 involved shortages ranging from \$1 to \$750.<sup>4</sup> Fifty-five lump sum settlements were made without the approval of the courts. The joint investigation of workmen's compensation laws made by the American Federation of Labor and the National Civic Federation estimated that "not over 60 per cent of the amounts payable under the New Jersey statute are being paid."<sup>5</sup>

<sup>3</sup> See "Three Years Under the New Jersey Compensation Law," *supra*.

<sup>4</sup> See "Three Years Under the New Jersey Workmen's Compensation Law," *supra*.

<sup>5</sup> Senate Document, Sixty-third Congress, Second Session, No. 419, p. 44.

New Jersey, of course, following the report of the Association for Labor Legislation's study, abolished the system of administration that made possible such inequities, and in 1918, created the Workmen's Compensation Bureau. Kansas is the most recent state to substitute commission for court administration, having adopted in 1927 an entirely new act which is administered by the Public Service Commission.

In states of lesser industrial population such as Vermont, for example, where a full-time board is perhaps not warranted, the essentials of commission administration have been secured by utilizing the services of two already-existing state officials with one new full-time man to act as chairman.

The difficulty of meeting the assertion that "we don't have that problem in our state" is made apparent by the fact that the laws administered by the courts make no adequate provision for the reporting of accidents and the compiling of statistical data which is indispensable if the preventive possibilities of compensation laws are to be capitalized. In order to secure the facts, therefore, independent investigations such as that conducted in New Jersey by the American Association for Labor Legislation are usually necessary.<sup>6</sup>

A workmen's compensation law should function simply, quickly and without waste. If it is to guarantee payment of full benefits to all persons entitled thereto; if it is to become a real force in the prevention of industrial accidents, it is essential that a board or commission be created for its administration.

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<sup>6</sup> See "Three Years Under the New Jersey Workmen's Compensation Law," *supra*.



## New Compensation Act in Quebec

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WORKMEN'S accident compensation adopted by the province of Quebec at the recent legislative session provides for commission form of administration and substantially increases the benefits over earlier acts but fails to provide an exclusive state fund for compensation insurance.<sup>1</sup>

The Canadian labor movement, which has strongly urged adoption of exclusive state fund insurance, regards the present action as "but the first move" toward ultimate acceptance of state fund insurance, pointing out that the issue of "high cost" of commercial insurance is likely to become increasingly serious in view of "the increased indemnities granted by the Act." As stated in the *Trades and Labor Congress Journal*, labor looks upon the new legislation on the whole as "undoubtedly a step in the right direction" and "a considerable improvement over the legislation now existing in the province of Quebec."

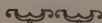
The new workmen's compensation legislation in Quebec is embodied in two acts.

The workmen's compensation act proper, which becomes effective September 1, 1928, is wider in scope than the original legislation, and it provides more liberal indemnities to injured workers and their dependents.

A separate act, which comes into effect on Proclamation provides for the creation of a paid commission of three members to administer workmen's compensation. This is an important advance over the system of settling claims in court that was provided in the earlier act, and a move to bring this legislation abreast of desirable standards. The commission is empowered to carry on accident prevention work and promote vocational rehabilitation of industrial cripples.

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<sup>1</sup>For discussion of issues raised concerning insurance provisions of this legislation, see "Misleading Propaganda Against Quebec Proposal for State Fund Insurance" by Frederick W. MacKenzie, *American Labor Legislation Review*, Vol. XVII, No. 4, December, 1927, pp. 288-294.





# Opposition Is the Victim of Its Own Tactics in New Jersey

## Digs a Legislative Pitfall Against Compensation Amendment—And Then Falls In Itself!

OPPOSITION tactics were again notoriously in evidence at the 1928 session of the New Jersey legislature. This time the scheming gentlemen who engineered these familiar tactics against a desirable accident compensation bill met with complete and disconcerting failure. After laying a legislative pitfall in which to kill the measure, they fell into it themselves—amid angry denunciations of their trickery.

The aim of the opposition, led by the Manufacturers' Association lobby, was to kill the bill, introduced by Senator Richards, increasing from \$17 to \$20 a week the maximum weekly payments to injured workers under the workmen's compensation act.

A year ago opponents of this measure, with the faithful aid of the chairman of the Senate Judiciary committee, were successful in their tactics of suppressing the bill in committee, after it had been passed by the House. In reporting this episode, this REVIEW<sup>1</sup> pointed out that "it was a particularly ruthless defiance of representative opinion and representative action."

Public indignation was aroused at the manner in which this much-needed legislation was killed. Friends of the bill prepared to press even more vigorously for its passage in 1928, and this year it was promptly introduced with strong and representative support.

From the beginning the Manufacturers' lobby was busy. The bill was passed in the Senate on March 12, nevertheless, and was delivered to the House the following day where it was, a week later, reported favorably by committee. The session dragged on until the closing day without final action.

On the morning of the last day of the session, Majority Leader Gabrielson, who hails from the great industrial county of Essex, and Assemblyman Kuser—both opponents of the bill—invited a committee of labor representatives to a conference in the Speaker's room and proposed a compromise. They declared that the bill would be passed only if it were amended so as to reduce the proposed weekly maximum from \$20 to \$19. The friends of the measure rejected the compromise, pointing out that there were enough pledged votes to pass the bill which was already on the calendar.

<sup>1</sup> "Opposition Tactics at Work in New Jersey," *American Labor Legislation Review*, Vol. XVII, No. 4, December, 1927, pp. 362-364.

As the day wore on into evening without action by the House, Mr. Gabrielson and Mr. Kuser invited the labor committee to confer again on amending the bill to provide \$19 instead of \$20. What then happened is reported by labor's committee as follows:

"Mr. Gabrielson then assured us that the Assembly would unanimously approve the amended bill; that the Senate would concur and **would remain in session until that was accomplished.** We told him that we feared the attitude of Senate Majority Leader Davis and inquired whether we could get his vote for the bill. Mr. Gabrielson's reply was in the affirmative; that he would personally go with us to the Senate Chamber and interview Senators Davis and Case. We agreed to it, **although mindful that the element of trickery was not to be discounted.** Mr. Gabrielson, Mr. Kuser and your Secretary then visited the Senate, which was in caucus in the President's room. Mr. Gabrielson entered the caucus and soon emerged with the assurance that Senator Davis was agreeable and would vote for the bill. Assemblyman Siracusa, who had been advised of what was going on, readily agreed to the amendment and the bill was thus passed by the House without a dissenting vote.

"Immediately upon its passage, Mr. Gabrielson made another motion, **which he had promised us in conference,** to the effect that the bill be sent to the Senate forthwith. After a lapse of fifteen minutes, inquiry was made for the bill. We were told that the official amendments had not yet been prepared. We immediately got in touch with Mr. Gabrielson and the latter reported that it would be ready in five minutes. Another hour elapsed, during which Mr. Gabrielson was reminded of his pledge, no less than five additional times. Finally the Speaker was notified and he got on the job and the bill appeared in about ten minutes. It was duly signed and started on its way toward the Senate.

"Over in the Senate, we had faithful watchers who were observing every move made. Their report in substance follows: They observed one of the Manufacturers' representatives approach the President. The two conversed for a moment; Mr. Billman smiled. What was said is unknown, but we do know that Mr. Davis then approached the President, after which he resumed his seat on the floor and made the customary motion that **all bills hereafter received be sent to the morgue.** He then made another motion that the **Senate do now adjourn.** Protests were made by several Senators, but to no avail. We are convinced, however, that owing to the confusion prevailing, many of our Senatorial supporters were unaware of what was taking place.

"We now know that the incidents mentioned in the Senate were taking place just as the House Clerk, after his long delay, was actually preparing the bill for transmission to the Senate. Under the circumstances, the suspicion is impelling that those who maneuvered the job in the Senate knew what they were doing and had timed their action effectively. The bill then reached the Senate. The Senate Clerk refused to accept it at first, but the House Clerk was insistent and it was accepted.

"Mr. Gabrielson, in the meantime, had left the House and gone to the Senate. Speaker Hanson, accompanied by your committee, then started toward the Senate. On their way, they met Mr. Gabrielson, who was returning. Mr. Gabrielson stopped Mr. Hanson and informed him that the bill had been receipted for and then inquired, 'What can be done about it?' Mr. Hanson very promptly told him what could, and would, be done about it. Senator Richards by this time had joined the party which then proceeded to the Senate and after some talk, the Secretary of the Senate readily agreed to return the bill.

"Upon the return to the House, it was seen that that body was in an uproar. The members had heard of the despicable attempt that had been made to kill our measure. Many of them had also heard of an incident, later reported in the press, wherein two lobbyists of the Manufacturers' Association, had danced a jig in the corridor when the Senate had adjourned.

"The House rose to the occasion. Motions were immediately made reconsidering action on the bill. The amendments were stricken out and the bill passed in its original form. The next day it was sent to the Governor, who signed it Tuesday, April 3, and it is now a law."

Instead, therefore, of accomplishing its purpose to kill the Richards bill by trickery and a last-minute snap adjournment of the Senate, the opposition succeeded only in becoming the victim of its own tactics. If the Manufacturers' lobby and its allies in the legislature had not carried their tactics too far, so that their duplicity was apparent to all, they would at least have forced the adoption of a compromise bill providing only \$19 instead of \$20 weekly maximum. As it was, by outraging the sensibility of the House they were completely frustrated, and the original \$20 maximum is now on the statute books.

Assemblyman Kuser, who had opposed the original bill and urged its amendment from \$20 to \$19, joined with friends of the bill in vigorously denouncing the trickery. He said that he had been

given to understand that the Senate would remain in session to concur in the bill as amended. But he considered the action in the Senate "a distinct breach of faith" and was "so disgusted with the situation and the way the House has been treated" that he would now vote for the bill in its original form. Assemblywoman Summers expressed chagrin. "I am ashamed," she declared, "that our party would stoop to such methods as this." When the original bill came to a vote it passed without a dissenting voice.

Newspapers echoed the resentment of the assemblymen. The *Jersey City Journal*, reporting the proceedings, referred to them as "a near riot caused by an abortive attempt of the powerful lobby of the New Jersey Manufacturers' Association to kill by unfair means" the Richards bill. An editorial in the *Trenton State Gazette* declares that "this incident \* \* \* developed a piece of duplicity which was well covered by the furore which it created" and insists that the real responsibility rests upon Majority Leader Gabrielson of the House rather than upon the senators. "There was a decided element of hypocrisy," it says, "in the action of Mr. Gabrielson in joining in the chorus of denunciation raised in the House." In an editorial headed "The Grand Old Game," the *Trenton Times* referred to "the crafty last-minute attempt of the Senate to kill the workmen's compensation measure" as indicative of "a type of hard-boiled partisanship decidedly unrepresentative in character."

The net result of this episode is that injured wage-earners in the great industrial state of New Jersey will henceforth be paid weekly compensation that is more nearly adequate. One more step has been taken toward bringing workmen's compensation laws abreast of the "Standards" of the Association for Labor Legislation.

One aspect of the frustrated scheme of the opposition in New Jersey that is emphasized by the legislative committee of the State Federation of Labor and the Joint Railroad Crafts should be of concern to employers in all states. The committee says:

"In passing, we cannot escape the further query as to whether all of the members of the Manufacturers' Association are aware of the legislative tactics of their paid lobbyists. We know by our dealing with many of the members of the Manufacturers' Association that they are honorable, upright men. \* \* \* We feel, however, that the methods used by their paid officials to defeat the compensation bill, have brought their organization into disrepute. Their continuance in office will mean that the membership as a whole approves of such dishonorable methods."



## Are Accidents Increasing?

AT the annual meeting of the American Association for Labor Legislation in 1925 a joint session with the American Statistical Association was arranged to discuss "Are Accidents Increasing?" The question was discussed, among others, by Leonard Hatch of the New York State Department of Labor; Ethelbert Stewart of the United States Bureau of Labor Statistics; Lewis A. DeBlois, then safety and compensation manager of E. I. DuPont De Nemours and Company, and R. H. Lansburgh, then Secretary of Labor and Industry of Pennsylvania.

These speakers presented facts leading to the conclusion that industrial accidents are increasing; that this increase is due among other things to a general speeding up of workers with increased production per man-hour; that much of the safety work in industry carried on during the war was afterward allowed to lag; that enlistment of business executives in accident prevention is an urgent need, and that "successful accident prevention yields larger dividends than almost any other industrial enterprise."

Now, in 1928, comes a very substantial report by the American Engineering Council on "Safety and Production"<sup>1</sup> which in the fashion of the engineer piles fact upon fact and chart upon chart to convince American executives that a well managed plan of accident prevention is both efficient and "safe."

In the introduction to this valuable book Albert W. Whitney concisely states the problem.

"When sixteen years ago the United States began to take definite steps to solve the industrial accident problem," Mr. Whitney writes, "early efforts were characterized by the passage of the first workmen's compensation laws and the beginning of the organized safety movement." He says further: "The effect upon the accident situation has been significant. In many industrial establishments accidents have been cut a half or three-quarters or even more. Comprehensive statistics on industrial accidents for this period are lacking, but it is probable that the trend of industrial accidents has followed the downward trend of the general accident mortality rate.

\* \* \* **In spite of this general downward trend there has been during the last few years an increase in the number and severity of accidents."**

Pointing out that this study by the American Engineering Council is concerned primarily with "the relation between indus-

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<sup>1</sup> New York, Harpers, 1928. 414 pp.

trial safety and efficiency of production," Mr. Whitney says: "The greater seriousness of accidents in the last few years does not seem to be due to a breaking down of the safety movement *per se*. It appears to have been rather one of the concomitants, one of the by-products, of the increased intensity of modern industrial life that has characterized the last few years." He quotes figures from the United States Department of Commerce for all industries showing that between 1919 and 1925 there has been an increase of 28.6 per cent in physical volume of products while at the same time there has been a decrease of 8.6 per cent in the number of persons engaged, and adds:

"Apparently the increased seriousness of accidents during the last few years has been the direct result of the increased intensity of industrial activity during that period. Increased activity requires the employment of new, unexperienced men and the shifting of old men to new jobs. \* \* \*

"While, however, there has been this recent increase in the hazard of industry per man-hour, production per man-hour has increased so much more rapidly that the hazard in terms of production has decreased. \* \* \* These two facts together form a striking antithesis: less accidents measured in terms of things produced; more things produced, however, so that the result, after all, is more accidents. If industrial well-being is to be measured in terms of goods produced, then this condition is satisfactory. If industrial well-being is to be measured in terms of working conditions, then the situation is unfavorable and even alarming. There will be a general agreement that the latter criterion is the more fundamental. We cannot view with composure a condition that makes a man's working life more hazardous under any circumstances."

"Can accidents be controlled?" Mr. Whitney says: "The answer is a simple one, and not only conclusive, but suggestive of the solution in general; the answer is, namely, that individual cases exist, characterized also by high industrial efficiency, in which this control has been secured. The United States Steel Corporation in thirteen years has decreased its accidents 86 per cent; the Union Pacific Railroad has a safety record for shop employees that is over five times as favorable as the average of the other large railroad systems of the United States; the Clark Thread Company has a record of nearly 10,000,000 man-hours without an accident; one of the plants of the DuPont Company with sixty-five employees has a record of eleven years with only one

accident, and that a relatively minor one." Significantly he points out that "the common outstanding feature of all the cases cited is the thoroughgoing interest of the executives." Such results are so remarkable, according to Mr. Whitney, that they "definitely raise the question whether the new safety movement, when it really gathers momentum, may not quite eclipse the older movement and bring results that have scarcely been dreamed possible heretofore."

If the safety movement in the future is to attain results in accident prevention comparable to the individual instances cited, it is Mr. Whitney's belief that "the success of the safety movement of the future, a movement that must stem the industrial tide that is running not only swiftly and dangerously, but ever more swiftly and more dangerously, can be had only when safety is recognized as a major executive objective."

In discussing the primary concern of the present investigation to show that a positive correlation exists between safety in the factory and efficiency of production, Mr. Whitney points out that "the disturbing effect of an accident upon business is now known to be much greater than has been generally supposed. In fact, the effects of an accident that are commonly insured against, probably constitute not more than a fourth or a fifth of the entire economic loss."

A striking illustration of the results of intensive accident prevention work is cited by Mr. Whitney out of the experience of the Simmons Company with punch presses: "In 1919 when there were 700 presses operating in one department, thirty-six fingers were taken off in accidents. With changes \* \* \* in the method of operation, the injuries decreased to seven fingers during the first six months of 1920. In the four years following not a single finger was lost and the production per press had increased on the average 60 to 65 per cent. The Simmons Company reports, 'Our experience has been that whenever we make a job safe we also increase the production from 15 to 150 per cent.'"

Experience has shown that in order to get results in accident prevention, labor and management has had to work together. Cooperation in this field has frequently led to mutual understanding and cooperative efforts in meeting other problems of working relations. From this, Mr. Whitney concludes that: "The safety movement, by furnishing a field for a practical working cooperation on the basis of a genuine mutuality of interests, has been perhaps the most important factor in ushering in the era of better industrial relations which exists to-day."

## Extra Compensation for Children Injured While Illegally Employed

**P**ROTECTION of childhood against the many evils that beset it is a paramount duty of society. One of the most serious of these evils is child labor and the exposure of young workers to the hazards of accident and disease in industry. When such exploitation of children by industry goes to the extreme of violating child labor laws, injuring and crippling them in work accidents, and even denying them the accident compensation provided by law for adult workers, then the State is urgently called upon to adopt effective measures of protection.

Emphasizing the special obligation of the State to protect all young workers, Chairman Wilcox of the Wisconsin Industrial Commission says: "Children are children, and they may not be depended upon to appreciate or guard against grave industrial dangers. If they are to enter industry their job should be in safe surroundings."

Liability of the child to industrial accidents, particularly those caused by machinery, is indicated by official reports to be much greater than that of adults employed in similar work. For one thing it has been found difficult to suppress the inclination of young persons for "horse play" which in connection with dangerous machinery all too frequently has tragic results.

Accidents to children in industry are marked also by their severity. The frequency with which they are maimed for life is shocking. The handicap placed by such accidents on young workers is shown in a recent report of the Children's Bureau on the results of permanent partial disablements in a group of minors who were injured before they were eighteen years of age. It was found that some have been forced by their injuries out of chosen occupations into work with smaller industrial opportunities; that others have been unable to find any kind of employment, and that "many of these young people, now in their early twenties, are sensitive over their deformities, discouraged by their prolonged economic dependence upon their families, and hopeless over the future."

Despite the mass of information that is available demonstrating beyond question the necessity of providing legal safeguards for young workers, many states are grossly negligent in their failure to provide adequate protection. In thirty-five states children of fourteen may work on scaffolding; in twenty-eight states children of fourteen may work around explosives; in twenty-two states children of fourteen may operate elevators; in thirty-three states children



of fourteen may work on railroads; in seventeen states children of fourteen may oil, wipe and clean machinery in motion.

In addition to prohibiting the industrial employment of young children and adequately protecting minors who are permitted to enter industry, special measures are needed to protect children against injury while illegally employed.

The American Association for Labor Legislation, in its continuous campaigns for improvements in American workmen's compensation legislation, has for some years urged that in cases of injury to children while they are illegally employed, extra accident compensation should be paid by the employer.

The Association's standard provision which it recommends including in the state laws provides that compensation shall be double the amount otherwise recoverable if the injured minor was permitted to work without the employment or educational certificate required by law. Compensation is trebled if the child was injured while engaged in an employment prohibited to minors either by statute or by administrative order of the commission. The employer is directly liable for this extra compensation but in the event of his insolvency the insurance carrier is made liable.

Eight states already have adopted legislation providing extra accident compensation for minors illegally employed. Experience under the Wisconsin law is illuminating. In the five years 1921 to 1925, increased compensation was paid in cases involving violations of safety orders in the total amount of \$146,050. Cases of double and treble compensation for violations of the child labor law also involve an impressive total of increased compensation. In the eight years following adoption of this provision of the law, 657 such cases were settled in which the increased compensation amounted to \$163,782. Employers who would violate safety and child labor laws are thus forced to count the possible cost—a powerful deterrent. As Dr. E. E. Witte, in describing Wisconsin's successful experience, has said: "Considered as a penalty for violations of the child labor law, the (extra) compensation provision of the Wisconsin compensation act is by far the most effective penalty ever devised."<sup>1</sup>

General adoption of this invention in social legislation promises to give the greatest practical impulse to the protection of working children that this humanitarian movement has ever had.

<sup>1</sup> "Treble Compensation for Injured Children," by E. E. Witte. *American Labor Legislation Review*, Vol. XIII, No. 2, June, 1923, pp. 123-129. See also "Increased Compensation in Cases Involving Violations of Law," by E. E. Witte, *ibid.*, Vol. XVII, No. 1, March, 1927, pp. 70-72.

## International Labor Legislation

As this REVIEW goes to press, the **Eleventh Session of the Official International Labor Conference** at Geneva, opening on May 30, is preparing to discuss methods of fixing minimum wages, and prevention of industrial accidents, including coupling accidents on railways.

In this connection it may be pointed out that the United States has long been in advance of European countries, with a series of federal acts, beginning in 1893, making it obligatory on all railroads engaged in interstate traffic to equip all cars and locomotives with approved **automatic couplers**. Results of this safety legislation have been striking. In 1890, when only about 10 per cent of railway cars were equipped with automatic couplers, accidents in the coupling of cars amounted to nearly 50 per cent of all casualties to trainmen. By 1912, when over 99 per cent of all cars were so equipped, the proportion of accidents from this cause was reduced to about 8 per cent.

In preparation for action by the Geneva Conference, the official International Labor Office has recently published two reports relating to the items on the agenda.

(1) The report on **minimum wage fixing machinery**, points out that the question of actually fixing a minimum wage for international adoption is not up to the Conference, but solely the matter of creating machinery "whereby minimum wages can be fixed in the individual country for certain special classes of unfavorably situated workers." It reports that replies to a questionnaire by the various Governments show a great majority "in favor of a solution of the question by means of a Draft Convention containing general principles supplemented by a Recommendation on certain methods of application."

(2) The report on the **prevention of industrial accidents** contains a detailed tabular analysis of legislation on accident prevention, and suggests the importance of the subject thus: "In 1923 the number of fatal accidents to workers was 2,082 in France and 3,302 in England. The corresponding figures for Germany in 1925 was 5,285. In the United States of America the total number of fatal industrial accidents is estimated at 20,000 to 25,000 a year. The number of injuries sustained at work is far more than one hundred times as high. Compared with the figures of fatal accidents already given, the number of reported injuries was 777,975 in France and 652,837 in Germany, while the num-

ber for which compensation was paid in England was 480,035. These include high figures of cases of more or less serious crippling, leading to a permanent reduction in working capacity. The mass of pain, distress, and lost prospects concealed in these figures cannot be imagined, leaving altogether aside the serious material losses suffered by individuals and the community as a whole in consequence of accidents."

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PROGRESS in the adoption of measures of **social insurance** in the various countries is outlined elsewhere in this REVIEW (p. 189) in an article by Leifur Magnusson, director, Washington Branch International Labor Office, and on p. 208 is an account of the recent action by France in adopting a comprehensive system of social insurance.

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THE attack by the British Government on the **Eight Hours Draft Convention**, adopted at the Washington session of the official International Labor Conference in 1919, has aroused widespread criticism. (See this REVIEW for March, pp. 125-126, for the recent British proposal to reopen this Convention and have it revised.) A dispatch from Geneva in the *New York World* of March 25 reports that Great Britain is under fire in various industrial countries for instigating a move that is regarded as "reactionary to the extent of a return to industrial feudalism." The French Government has officially declared that it will tolerate no such action, the dispatch points out, and adds: "While there are many who believe the action of Britain, if carried to its logical conclusion, may sound the death knell of the International Labor Office, others point out that it has furnished a rallying point for the workers' group and Government delegates of most countries members of the bureau. The fight for the international eight-hour day has taken on a new lease of life, they say."

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COMMENTING on recent international action looking to the universal adoption of **workmen's health insurance legislation**, the *Christian Science Monitor* says: "The International Labor Organization of the League of Nations, in its tenth general conference held at Geneva, adopted two draft conventions looking to the introduction of compulsory health insurance in all the countries furnishing membership to the organization, not now having this form of social insurance. The text of the conventions covers ten articles, with several subdivisions setting forth the necessity for such insurance, and also stating the regulations under which it shall be provided. This will recall the somewhat persistent effort of the American Association for Labor Legislation a few years ago to introduce this type of insurance into several American states."

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ORGANIZED labor in **Mexico** is protesting against the delay in the Mexican Senate in taking action similar to that already taken by the Chamber of Deputies with a view to putting into effect Article 123 of the Mexican Constitution—the Labor Code.



## Book Reviews and Notes

**Handicapped Wage-Earners.** BY MOSES A. LEAVITT. *New York, Jewish Social Service Association, 1928. 95 pp.*—An analysis of the problem of rehabilitating the disabled worker, based upon a study of the disabled persons under the care of the Jewish Social Service Association in the winter of 1925. As a necessary first step toward the solution of this problem, the author recommends the establishment of a central employment bureau for the disabled, which would place the handicapped in suitable jobs, and become "the focus from which all efforts at rehabilitation would radiate." A summary of the work of existing Vocational Guidance Bureaus, Trade Retraining Agencies, Placement Bureaus, and Sheltered Workshops, completes a monograph which will be useful to those interested in the economic adjustment of the disabled wage-earner.

**Social Control of Business.** BY JOHN M. CLARK. *Chicago, Chicago University Press, 1926. 473 pp.*—A complex problem ably discussed. Of law as a method of social control, the author says, "arising in part out of business practices, it (the law) must also control them." The "inalienable rights" which the law ought to safeguard are "health, strength (or compensation for the loss of them, adequate to save the family from economic shipwreck), education, liberty, and opportunity." Thus, industrial control wisely exercised "will tend to reduce the burden of salvaging industrial wreckage (which falls on the community in one form or another), to prolong the self-supporting years of the worker's life, and in other ways to pay its way in a general community sense."

**A Son of the Bowery.** BY CHARLES STELZLE. *New York, Doran, 1926. 335 pp.*—The story of a man who has devoted his life to the betterment of the working man. Born on the East Side of New York, his early environment and boyhood experience endowed him with the qualities of sympathy and understanding which have helped to make possible his constructive work for the labor movement. Charles Stelzle tells his story sincerely, modestly and in a fascinating manner.

**Factory Organization.** BY CLARENCE H. NORTHCOTT AND ASSOCIATES. *New York, Isaac Pitman, 1928. 252 pp.*—First of a series of studies purposing to apply economic principles and the methods of economic analysis to special industrial and commercial problems. Takes up in order the organization of the plant itself, the organization of business control, the organ-



ization of production, principles and practice of industrial relations, and then the problems of distribution. The organization of business control has developed along three plans: "departmental" plan in which the head is responsible for everything affecting the processes in his department; "staff and line" plan in which the "staff" does the organizing and thinking for the "line" to execute; and "functional" plan whereby functions common to all departments are placed in the hands of one specially qualified. The advantages of the functional system are greater efficiency as the work is more specialized but danger lies in the possibility of lack of coordination and definite responsibility for results. The author holds that the functional plan achieves best results with each man doing that which he can best do.

**Immigration Crossroads.** BY CONSTANTINE PANUNZIO. *New York, Macmillan, 1927. 295 pp.*—The immigration problem viewed from the standpoint of the immigrant and the people already in this country, as well as its international aspect. The concept of Americanization as "a matter of prevention of exploitation, of good housing, of public health, of clean milk for babies, of adequate wages, of satisfactory industrial conditions, of the spirit of neighborliness between Americans, old and new," is emphasized.

**A Study on the Minimum Wage.** BY J. H. RICHARDSON. *New York, Adelphi Company, 1927. 198 pp.* A scholarly study of minimum wage standards and practices of various countries, including a discussion of the family wage system. The possibility of international action is held to be slight because of wide national differences in the standard of living and in the level of real wages.

**Problems of Social Well-Being.** BY JAMES BOSSARD. *New York, Harper & Brothers, 1927. 644 pp.*—Problems of social well-being interpreted in terms of economic, physical and psychological causes. Emphasis is given to the human element in social problems, and to the close correlation between occupation and health.

**The Five Day Week.** COMPILED BY LAMAR T. BEMAN. *New York, H. W. Wilson and Company, 1928. 150 pp.*—An excellent bibliography, an outline of the pros and cons, and reprints of interesting articles make this book a valuable reference text.

**Principles of Public Administration.** BY W. F. WILLOUGHBY. *Baltimore, Johns Hopkins Press, 1927. 716 pp.*—An excellent and comprehensive treatise on our government as "an operating concern," indicating how, as such, it can secure "economy and efficiency in the actual administration of governmental affairs." With this in mind, a study is made of the government as "an employer, interested in securing efficient personnel and in getting the maximum of work from such personnel for a minimum expenditure." In order to achieve efficiency and an equitable working basis, the author advo-

cates the organization of special services to take care of matters of personnel administration; a regrouping of services along functional lines; the Merit System; proper classification and standardization of salaries and positions; the use of methods for determining the efficiency of employees; an adequate pension system; a central agency to determine eligibility for promotion, and the right of employees to form employee organizations.

**The Adventure of Old Age.** BY FRANCIS BARDWELL. *Boston, Houghton Mifflin Co., 1926. 299 pp.*—In a preface Dr. Richard C. Cabot points out that the author of this book "has been (in Massachusetts) for over seventeen years the state's visitor of aged people in almshouses." Mr. Bardwell writes that he has "become acquainted with many people who are living the latest years of life dependent upon the bounty of the public" and that he has "a desire to urge a keener interest in the problem of the aged dependent." He remarks: "The coming of old age is hard to bear, but, if poverty is attendant, the burden is doubly severe."

**The Coal Miners' Struggle for Industrial Status.** BY ARTHUR E. SUFFERN. *New York, Macmillan, 1926. 456 pp.*—A discussion of the development of collective bargaining in the coal industry, and the evolution of principles and rules underlying industrial relations between operators and miners. The author attempts to show that these rules and principles, resulting from joint conferences between mine owners and their employees, are analogous to the development of legal principles in other fields. The outcome of competition between union and non-union fields will depend, says Mr. Suffern, "upon the attitude and policies of the participators in collective bargaining; upon the economic and political advantages of those operators who refuse to deal with the union; and upon the part played by public authority in relation to the controversy."

**American Labor Dynamics.** BY J. B. S. HARDMAN AND ASSOCIATES. *New York, Harcourt, Brace and Company, 1928. 432 pp.*—A symposium by more than thirty students, teachers, labor leaders and publicists in which, as Mr. Hardman says in his foreword, "the cooperating associates have aimed at presenting a cumulative view of the labor scene as it presents itself to the sympathetically interested observer and to the active, yet sufficiently objective participant."

**The Remedy for Overproduction and Unemployment.** BY HUGO BILGRAM. *New York, Vanguard Press, 1928. 113 pp.*—Another of the numerous essays submitted to the Pollak Foundation for Economic Research in criticism of the theory advanced by William Trufant Foster and Waddill Catchings in their book entitled "Profits". According to Mr. Bilgram, the "fundamental cause" of unemployment and so-called overproduction is the scarcity of money resulting from the monopolistic control of interest rates.